Collection
And
Deduction
Of Tax at Source
(Withholding Agents Perspective)
(Taxpayer’s Facilitation Guide)
Our Vision
To be a modern, progressive, effective, autonomous and credible organization for optimizing revenue by providing quality service and promoting compliance with tax and related laws

Our Mission
Enhance the capability of the tax system to collect due taxes through application of modern techniques, providing taxpayer assistance and by creating a motivated, satisfied, dedicated and professional workforce

Our Values
Integrity
Professionalism
Teamwork
Courtesy
Fairness
Transparency
Responsiveness

For assistance and information on tax matters
Please contact our help line center through
Toll Free Telephone 0800-00-227
Telephone 051-111-227-227 or 051-111-227-228
Fax 051-9205593
E-mail helpline@cbr.gov.pk
or
Visit our tax facilitation center (located in all major cities) or any tax office
or
Visit our website at www.cbr.gov.pk
INTRODUCTION

This brochure explains the provisions of the Income Tax Ordinance, 2001 governing withholding tax in a simple and concise manner. It mainly revolves around the obligations of the withholding agents as to collection or deduction of tax at source, i.e., –

- Identifying the withholding agents;
- Persons from whom tax is to be deducted or collected;
- Applicable rates of withholding taxes;
- Basis of withholding tax;
- Time of deduction;
- Time of deposit of tax deducted or collected in the account of Federal Government;
- Frequency and time of submitting the statements of tax deducted or collected;
- Applicable exemptions and reduced rates; and
- Liabilities of the withholding agents and consequences of non-compliance.

A cross-index of different tax withholding agents and the corresponding applicable provisions of law is also given for quick and easy reference.

This brochure has been arranged section wise. Definitions of various words and terminologies used and shown in italic bold are given at the end of this brochure.

This brochure is to assist the taxpayers and reflects the legal position at the time of printing. In case of any conflict the legal provisions of the law shall always prevail over the contents of this brochure.

Comments and suggestions
We welcome your comments about this brochure and your suggestions for future editions.

You can e-mail us at membertyef@cbr.gov.pk

or

You can write to us at the following address:
Facilitation and Tax Education
Central Board of Revenue,
Constitution Avenue,
Islamabad
### Summary of withholding tax regime under the Income Tax Ordinance, 2001

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<td>148</td>
<td>Collector of Customs</td>
<td>Importers of goods</td>
<td>6%</td>
<td>Reduced rate</td>
<td>At the same time and manner as the customs duty is payable</td>
<td>On the day collected</td>
<td>Monthly Within 15 days And Annual Within 2 months</td>
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<td></td>
<td></td>
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<td></td>
<td>1% - Fibers (excluding pure cotton) (Clause (9) of Part II of 2nd Schedule), Yarns (excluding cotton yarn) (Clause (9) of Part II of 2nd Schedule), Goods covered under the zero rating regime of Sales Tax notified vide SRO 639(2006) dated 27th June, 2005, as amended by SRO 670(2006) dated 27th July, 2005 (See Annexure I) (Clause (9) of Part II of 2nd Schedule), Contracted ships for the purposes of breaking (Clause (15) of Part II of 2nd Schedule), Phosphatic fertilizer (Clause (13A) of Part II of 2nd Schedule), Polysaccharide (in pursuance of ECC-155/12/2004 dt 09.12.2004 (Clause (13E) of Part II of 2nd Schedule), Broadcasting equipments covered by SRO 579(2006) dated 05.06.2006, Call centers equipments not manufactured locally covered by SRO 576(2006) dated 05.06.2006, Capital goods, Cement, Coal, Computer hardware, parts and accessories of items classified under PCT heading 8471, Disinfectants used in poultry business covered by SRO 568(2006) dated 05.06.2006, Dump trucks classified under PCT heading 8704, Busses classified under PCT heading 8702.1090, Gold, Live stock and raw materials and intermediaries goods as used in the manufacture of packing material for the packing of dairy products covered by SRO 567(2006) dated 05.06.2006, Medical, surgical, dental or veterinary machinery, equipment, furniture, fittings, furniture and diagnostic kits not manufactured locally covered by SRO 576(2006) dated 05.06.2006, Medicines for cancer, drugs used for kidney dialysis and kidney transplant, all type of vaccines for Hepatitis, Interferon and other medicines for Hepatitis, all vaccines, anti-vena cardiac medicines, injection anti-D Immunglobulin, blood bags, ODO1, all medicines for HIV/AIDS and all medicines for Thalassaeema covered by SRO 567(2006) dated 05.06.2006, Mobile telephones as Pre-fabricated structures for poultry farms covered by SRO 567(2006) dated 05.06.2006, News print covered by SRO 567(2006) dated 05.06.2006, Processing and packing machinery, equipment required for fish farming covered by SRO 576(2006) dated 05.06.2006, Raw wood, Ripening chambers, hot water treatment plant, vapor hot treatment plant, modern cold storage, packing machinery, power generating sets of 10 – 25 KVA and battery operated for lift trucks used in horticulture and forklift business covered by SRO 579(2006) dated 05.06.2006, Silver, Sugar, Trucks in OBU condition having gross vehicle weight exceeding 5 tons classified under PCT headings, 8704.3290 and 8704.9090 and Wheat (Clause (130) of Part II of 2nd Schedule), Urea fertilizer (Clause (23) of Part II of 2nd Schedule)</td>
<td>Value of goods as determined under section 25 of the Customs Act, 1969, as if the goods were subject to ad-valorem duty increased by the customs-duty and sales tax, if any, payable in respect of the import of the goods.</td>
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<td>149</td>
<td>Employer</td>
<td>Employee</td>
<td>Annual average rate (to be calculated as per rate card subject to applicable reductions in tax)</td>
<td>Salary chargeable to tax</td>
<td>At the time the salary is actually paid</td>
<td>On the day deducted (Where deducted by and on behalf of the Government)</td>
<td>Monthly Within 15 days And Annual Within 2 months</td>
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<td>150</td>
<td>Resident Company Shareholders</td>
<td></td>
<td>In case of: Public Company - 5% Insurance Company - 5% Any other resident company - 5% Others -10% Reduced rate 7.5% - Paid to a non-resident company by a company engaged exclusively in mining operations, other than petroleum [Clause (16) of Part II of 2nd Schedule] 7.5% - Paid by a purchaser of a power project privatized by WAPDA [Clause (17) of Part II of 2nd Schedule]. 7.5% - Paid by a company set up for power generation [Clause (20) of Part II of 2nd Schedule].</td>
<td>Gross amount of dividend</td>
<td>At the time the dividend is actually paid</td>
<td>Within 7 days from the end of each fortnight</td>
<td></td>
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<td>151(1)(a)</td>
<td>Persons paying yield or profit (profit on debt) on an account, deposit or a certificate under the National Savings Scheme or Post Office Savings Account</td>
<td>Recipient of yield or profit (profit on debt)</td>
<td>10% Yield or profit (profit on debt) on an account, deposit or a certificate under the National Savings Scheme or Post Office Savings Account as reduced by amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980</td>
<td>At the time the yield or profit (profit on debt) is credited to the account of the recipient or is actually paid, whichever is earlier.</td>
<td>On the day deducted</td>
<td></td>
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<tr>
<td>151(1)(b)</td>
<td>Banking Company Financial Institution</td>
<td>Recipient of profit on debt on an account or deposit</td>
<td>10% Profit on debt on an account or deposit maintained as reduced by amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980</td>
<td>At the time the profit on debt is credited to the account of the recipient or is actually paid, whichever is earlier</td>
<td>Within 7 days from the end of each fortnight</td>
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<td>151(1)(c)</td>
<td>Federal Government Provincial Government Local Authority</td>
<td>Recipient of profit on any security (profit on debt)</td>
<td>10%</td>
<td>Profit on debt on any security (other than those covered under section 151(1)(a)) issued by the Federal Government or a Provincial Government or a local authority as reduced by amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980</td>
<td>At the time the profit on debt is credited to the account of the recipient or is actually paid, whichever is earlier.</td>
<td>On the day deducted (Where deducted by and on behalf of the Government)</td>
<td>Monthly Within 15 days And Annual Within 2 months</td>
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<tr>
<td>151(1)(d)</td>
<td>Banking Company Financial Institution Company as defined in the Companies Ordinance, 1984 Body Corporate formed by or under any law in force in Pakistan Finance Society</td>
<td>Recipient of Profit on debt</td>
<td>10%</td>
<td>Profit on debt on any bond, certificate, debenture, security or instrument of any kind as reduced by amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980</td>
<td>At the time the profit on debt is credited to the account of the recipient or is actually paid, whichever is earlier.</td>
<td>Within 7 days from the end of each fortnight</td>
<td></td>
</tr>
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<td>152(1)</td>
<td>Every Person paying royalty or fee for technical services to a non-resident</td>
<td>Non-Resident Person</td>
<td>15% or lower rate as per agreement for avoidance of double taxation</td>
<td>Gross amount of royalty or fee for technical services</td>
<td>At the time the royalty or fee for technical services is actually paid</td>
<td>On the day deducted (Where deducted by and on behalf of the Government)</td>
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| 152(1A) | Every Person making payment for execution of contract etc., to a non-resident | Non-Resident Person | 6% or lower rate as per agreement for avoidance of double taxation | Gross amount of payment on account of execution of:
A contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project; or
A contract for advertisement services rendered by Television Satellite Channels
Any other contract for the construction or services rendered, relating thereto | At the time the amount is actually paid | On the day deducted (Where deducted by and on behalf of the Government) Within 7 days from the end of each fortnight (In other cases) | Monthly Within 15 days And Annual Within 2 months |
| 152(2)  | Every Person making a payment to a non-resident (other than royalty or fee for technical services) | Non-resident Person | 30% or lower rate as per agreement for avoidance of double taxation | Gross amount of any payment chargeable to tax including profit on debts but excluding royalty and fee for technical services | At the time the amount is actually paid | On the day deducted (Where deducted by and on behalf of the Government) Within 7 days from the end of each fortnight (In other cases) | |
| 153(1)  | Federal Government Company Association of Persons constituted by, or under, law Foreign Contractor or Consultant Consortium or Joint Venture | Resident Person Permanent Establishment in Pakistan of a Non-Resident | Sale of:
Rice, cottonseed or edible oils
Any other goods
Services rendered or provided
Execution of contract
Reduced rate
Transport [SRO 794(1)/2006 dated August 05, 2006]
Sale of: raw wool, cotton lint and rice [SRO 600(l)/1991 dated July 02, 1991] | Gross amount of payment on account of:
Sale of goods (inclusive of sales tax);
Rendering or providing of services; and
Execution of a contract, other than a contract for the sale of goods or rendering of services. | At the time the amount is actually paid | On the day deducted (Where deducted by and on behalf of the Government) Within 7 days from the end of each fortnight (In other cases) | |
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| 153(1A) | Every Exporter or an Export House       | Resident Person and Permanent Establishment in Pakistan of a non-Resident | Services rendered in connection with Export of goods listed in:  
Part I of the 7th Schedule | -0.75%  
Part II of the 7th Schedule | -1.00%  
Part III of the 7th Schedule | -1.25%  
Part IV of the 7th Schedule | -1.50% | Gross amount of payment on account of rendering or providing of services of stitching, dyeing, printing, embroidery, washing, sizing and weaving | At the time the amount is actually paid | On the day deducted (Where deducted by and on behalf of the Government)  
Within 7 days from the end of each fortnight (In other cases) | Monthly Within 15 days  
And Annual Within 2 months |
| 154(1) & (2) | Authorized dealer in foreign exchange | Exporter of goods Foreign indenting commission agents | Export of goods listed in:  
Part I of the 7th Schedule | -0.75%  
Part II of the 7th Schedule | -1.00%  
Part III of the 7th Schedule | -1.25%  
Part IV of the 7th Schedule | -1.50%  
Foreign indenting commission | Reduced rate  
Rice marketed under a brand name up to fifty kilograms packs | -0.75%  
Canned and bottled fish including sea-food and other food items | -0.75%  
Precious and semi-precious stones whether uncut, cut, or Polished | -0.75%  
[Clause (14) of Part II of 2nd Schedule]  
Fish and fisheries products packed in retail packs of five hundred grams to 2 kilograms-0.75%  
[Clause (15) of Part II of 2nd Schedule]  
Export indenting commission on export of goods listed in:  
Part I of the 7th Schedule | -0.75%  
Part II of the 7th Schedule | -1.00%  
Part III of the 7th Schedule | -1.25%  
Part IV of the 7th Schedule | -1.50%  
[Clause (5) of Part II of 2nd Schedule] | Foreign Exchange proceeds | At the time of realization of export proceeds or indenting commission | Within 7 days from the end of each fortnight |
| 154(3) | Banking Company | Every Person | Goods listed in:  
Part I of the 7th Schedule | -0.75%  
Part II of the 7th Schedule | -1.00%  
Part III of the 7th Schedule | -1.25%  
Part IV of the 7th Schedule | -1.50% | Realization of proceeds on account of sale of goods to an exporter under an inland back-to-back letter of credit  
Realization of payments made through crossed cheques to indirect exporters against Standard Purchase Order in the format prescribed by the State Bank of Pakistan | At the time of realization of the sale proceeds | Within 7 days from the end of each fortnight |
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| 154(3A) | The Export Processing Zone Authority                                                                      | Industrial undertakings located in Export Processing Zones | Goods listed in:  
Part I of the 7th Schedule | -0.75%   | Proceeds of the export of goods | At the time of export of goods          | Months Within 15 days And Annual Within 2   |
|         |                                                                                                           |           | Part II of the 7th Schedule | -1.00%   |                                                                     |                                            |                                           |
|         |                                                                                                           |           | Part III of the 7th Schedule | -1.25%   |                                                                     |                                            |                                           |
|         |                                                                                                           |           | Part IV of the 7th Schedule  | -1.50%   |                                                                     |                                            |                                           |
| 154(3B) | Direct Exporter  
Export House registered under DTRE Rules, 2001  
Indirect exporter (defined under sub-chapter 7 of Chapter XII of the Customs Rules, 2001) | Goods listed in:  
Part I of the 7th Schedule | -0.75%   | Payment against a firm contract | At the time the amount is actually paid | Within 7 days from the end of each fortnight |
|         |                                                                                                           |           | Part II of the 7th Schedule | -1.00%   |                                                                     |                                            |                                           |
|         |                                                                                                           |           | Part III of the 7th Schedule | -1.25%   |                                                                     |                                            |                                           |
|         |                                                                                                           |           | Part IV of the 7th Schedule  | -1.50%   |                                                                     |                                            |                                           |
| 155     | Federal Government  
Provincial Government  
Local Authority  
Company  
Non-Profit Organization  
Diplomatic Mission of a foreign state | Recipient of rent of immovable property | 5%       | Rent of immovable property (including rent of furniture and fixtures, and amounts for services relating to such property) | At the time the rent is actually paid | On the day deducted  
(Where deducted by and on behalf of the Government)  
Within 7 days from the end of each fortnight  
(In other cases) |
| 156     | Every Person paying a prize or winnings                                                                       | Recipient of prizes or winnings | 10% - On prize of a prize bond  
20% - On Prize or winnings from a raffle, lottery, quiz or crossword puzzle; or prize offered by companies for promotion of sale | Prize on a prize bond;  
Prize or winnings from a raffle, lottery, quiz or crossword puzzle;  
Prize offered by companies for promotion of sale | At the time the prize or winnings are actually paid | On the day deducted  
(Where deducted by and on behalf of the Government)  
Within 7 days from the end of each fortnight  
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<td>156B</td>
<td>Pension Fund Manager</td>
<td>Recipient of amount from individual pension account maintained under any Approved Pension Fund</td>
<td>Average rate of tax on the taxable income of 3 preceding years</td>
<td>Any amount withdrawn before the retirement age; or In excess of 25% of the accumulated balance withdrawn on or after the retirement age At the time the of making the payment (withdrawal)</td>
<td>At the time of making the payment (Withdrawal)</td>
<td>Within 7 days from the end of each fortnight</td>
<td>Monthly Within 15 days And Annual Within 2 months.</td>
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<td>231A</td>
<td>Banking Company</td>
<td>Every Person making a cash withdrawal exceeding Rs. 25,000 per day</td>
<td>0.2%</td>
<td>Amount withdrawn in excess of Rs. 25,000 per day</td>
<td>At the time of making the payment (Withdrawal)</td>
<td>Within 7 days from the end of each fortnight</td>
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<tr>
<td>233</td>
<td>Federal Government Province Government Local Authority Company Association of persons constituted by, or under, law</td>
<td>Recipient of brokerage or commissio n</td>
<td>10% Reduced rateAdvertising agents [Clause (26) of Part II of 2nd Schedule] -5.0%</td>
<td>Brokerage and Commission</td>
<td>At the time the brokerage or commission is actually paid Or At the time of receiving payment where the agent retains the brokerage or commission out of proceeds remitted</td>
<td>On the day deducted (Where deducted by and on behalf of the Government) Within 7 days from the end of each fortnight (In other cases)</td>
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<td>233A(1)(a) and 233A(1)(b)</td>
<td>Stock Exchange Registered in Pakistan</td>
<td>Members of the stock exchange</td>
<td>0.01%</td>
<td>Purchase and/or sale value of the shares</td>
<td>At the time of making the payment or receiving the payment</td>
<td>Within 7 days from the end of each fortnight</td>
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<tr>
<td>233A(1)(c)</td>
<td>Stock Exchange Registered in Pakistan</td>
<td>Sellers of shares through members of the stock exchange</td>
<td>0.01%</td>
<td>Value of the shares traded (Sale)</td>
<td>At the time of making the payment</td>
<td>Within 7 days from the end of each fortnight</td>
<td></td>
</tr>
<tr>
<td>233(A)(1)(d)</td>
<td>Stock Exchange Registered in Pakistan</td>
<td>Financiers through members of the stock exchange</td>
<td>10%</td>
<td>Amount of carry over charge</td>
<td>At the time of making the payment</td>
<td>Within 7 days of deduction</td>
<td></td>
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<tr>
<td>234</td>
<td>Person collecting motor vehicle tax</td>
<td>Owner of motor vehicle</td>
<td>In the case of goods transport vehicles ranging from Rs. 1,200 to Rs. 36,000 per annum. In case of passenger transport vehicles plying for hire ranging from Rs. 25 to Rs. 100 per seat per annum. Other private motor cars ranging from Rs. 500 to Rs. 3,000 per annum. Reduced rate – Rs. 1,200 Goods transport vehicles with laden weight of 8120 kilograms or more after a period of ten years from the date of first registration of the vehicle in Pakistan (Paragraph (1A) of Division III of Part IV of 1st Schedule).</td>
<td>Registered laden weight of transport vehicles. Registered seating capacity of passenger transport vehicles plying for hire. Engine capacity of other private motorcars.</td>
<td>At the time of collecting motor vehicle tax (if motor vehicle tax is collected in installments, the tax is also collected in installments).</td>
<td>On the day collected.</td>
<td>Monthly Within 15 days And Annual Within 2 months.</td>
</tr>
<tr>
<td>235</td>
<td>Person preparing electricity consumption bill</td>
<td>Commercial and Industrial consumers of electricity</td>
<td>Ranging from Rs. 60 to Rs. 2,000 of the monthly bill.</td>
<td>Amount of electricity consumption charges.</td>
<td>Alongwith payment of electricity consumption charges.</td>
<td>Within 7 days from the end of each fortnight.</td>
<td></td>
</tr>
<tr>
<td>236</td>
<td>Person preparing telephone bill Person issuing or selling prepaid cards for telephone</td>
<td>Telephone subscriber Purchaser of prepaid telephone cards</td>
<td>In the case of telephone subscriber (other than mobile phone) ranging from Rs. 50 to Rs. 300 of the monthly bill. In the case of subscriber of mobile telephone and prepaid telephone card - 10% of the amount of bill or sales price of pre-paid telephone card.</td>
<td>Amount of bill or sale price of a pre-paid card.</td>
<td>Alongwith payment of telephone bill or at the time of issuance or sale of pre-paid cards.</td>
<td>Within 7 days from the end of each fortnight.</td>
<td></td>
</tr>
</tbody>
</table>
Person(s) liable to collect tax: Collector of Customs

From whom: Importer of goods

Rate: 6%

Reduced rate: 1%

- Fibers (excluding pure cotton) [Clause (9) of Part II of 2nd Schedule]
- Yarns (excluding cotton yarn) [Clause (9) of Part II of 2nd Schedule]
- Fabrics (excluding cotton fabrics) [Clause (9) of Part II of 2nd Schedule]

Goods covered under the zero rating regime of Sales Tax notified vide SRO 638(I)/2005 dated 27th June, 2005, as amended by SRO 667(I)/2005 dated 2nd July, 2005 (See Annex I) [Clause (9) of Part II of 2nd Schedule]

- Condemned ships for the purposes of breaking [Clause (13) of Part II of 2nd Schedule]
- Phosphatic fertilizer [Clause (13A) of Part II of 2nd Schedule]
- Potassic fertilizer (in pursuance of ECC-155/12/2004 dt 09.12.2004) [Clause (13E) of Part II of 2nd Schedule]
- Broadcasting equipments covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- Call centers equipments not manufactured locally covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- Capital goods;

"Explanation.- Capital goods mean any plant, machinery, equipment, spares and accessories, classified in Chapters 84, 85 or any other Chapter of the Pakistan Customs Tariff, required for, -

a. the manufacture or production of any goods, and includes refractory bricks and materials required for setting up a furnace, catalysts, machine tools, packaging machinery and equipment, refrigeration equipment, power generating sets and equipment, instruments for testing, research and development, quality control, pollution control and the like;

b. use in mining, agriculture, fisheries, animal husbandry, floriculture, horticulture, live stock, dairy and poultry industry; and

c. service sector as defined in Customs Act, 1969;

Cement;
Coal;
Computer hardware, parts and accessories of items classified under PCT heading 8471;

Disinfectants used in poultry business covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
Dump trucks classified under PCT heading 8704;
Buses classified under PCT heading 87.01, 8702.1090;
Gold;
Live stock and raw materials and intermediaries goods as used in the manufacture of packing material for the packing of dairy products covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;

Brochure –005 Collection and Deduction of Tax at Source
Medical, surgical, dental or veterinary machinery, equipment, fixtures, fittings, furniture and diagnostic kits not manufactured locally covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;

Medicines for cancer, drugs used for kidney dialysis and kidney transplant, all type of vaccines for Hepatitis, Interferon and other medicines for Hepatitis, all vaccines, anti-sera, cardiac medicines, injection anti-D Immunoglobulin, blood bags CPDA.1, all medicines for HIV/AIDS and all medicines for Thalassemia covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;

Mobile telephone sets;

Pre-fabricated structures for poultry farms covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;

News print covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;

Processing and packing machinery, equipment required for fish farming covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;

Raw wood;

Ripening chambers, hot water treatment plant, vapor hot treatment plant, modern cold storage, packing machinery, power generating sets of 10 – 25 KVA and battery operated fork lift trucks used in horticulture and floriculture business covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;

Silver;

Sugar;

Trucks in CBU condition having gross vehicle weight exceeding 5 tons classified under PCT headings 8704.3290 and 8704.9090; and

Wheat;

[Urea fertilizer

2% HS 0801.1000 – Desiccated coconuts,
HS 0801.3200 – Shelled cashew nuts,
HS 0802.1200 – Shelled almonds,
HS 0802.5000 – Pistachio,
HS 0802.9010 – Areca (Betel nuts),
HS 0813.4010 – Tamarind,
HS 0902.2000 – Green tea (Other) not fermented,
HS 0902.4010 – Tea dust,
HS 0902.4090 – Black tea,
HS 0902.1110 – Black peppers neither crushed nor ground,
HS 0904.1120 – White peppers,
HS 0904.1190 – Long pepper,
HS 0906.1000 – Cassia,
HS 0907.0000 – Cloves (whole fruit, close and stems),
HS 0908.1000 – Nutmeg,
HS 0908.3010 – Big cardamom,
HS 0908.3020 – Small cardamom,
HS 0909.1000 – Star aniseeds,
HS 1211.9000 – Medical herbs,
HS 1301.1010 – Seed Lac,
HS 1301.9090 – Gum gopal,
HS 1903.0010 – Sago seeds,
HS 2101.1110 – Coffee in bulk,
HS 2101.1120 – Coffee in retail packing,
HS 3702.3100 – Photographic films without perforations for colour photography (polychrome) of a width not exceeding 105 mm,
HS 3705.2000 – Microfilms,
HS 3706.9000 – Other cinematographic film,
HS 3707.9000 – Chemical preparations for photographic uses other than sensitizing emulsions,
HS 4011.2090 – New pneumatic tyres of rubber used on Busses and Lorries excluding light trucks,
HS 6301.1000 – Electric blankets,
HS 8204.0000 – Hand operated spanners, wrenches (including torque meter wrenches but not including tap wrenches), and interchangeable spanner sockets with or without handles etc.,
HS 8301.1000 – Pad locks,
HS 8511.1000 – Sparking plugs,
HS 8525.4000 – Still image video cameras, other video camera recorders and digital cameras,
HS 8529.9010 – Remote controls,
HS 9004.1000 – Sunglasses
HS 9613.1000 – Pocket lighters, gas fuelled, refillable,
    – Other goods as notified by the Central Board of Revenue
[Clause (13B) of Part II of 2nd Schedule]
Raw material for steel industry including remeltable; and re-rollable scrap;
Raw material for manufacturer of poultry feed; and
Stationery
[Clause (13H) of Part II of 2nd Schedule]
Pulses [Clause (24) of Part II of 2nd Schedule]
3\%  Edible oils including crude oil imported as raw material for manufacture of ghee or cooking oil [Clause (13) of Part II of 2nd Schedule]

Old and used vehicles meant for transport of persons
Rs.  29,852  upto 800 CC
Rs.  34,497  from 801 CC to 1000 CC
Rs.  67,282  from 1001 CC to 1300 CC
Rs. 105,061  from 1301 CC to 1600 CC
Rs. 120,256  from 1601 CC to 1800 CC
[Clause (4) of Part III of 2nd Schedule]

On

Value of goods as determined under section 25 of the Customs Act, 1969, as if the goods were subject to ad valorem duty increased by the customs-duty and sales tax, if any, payable in respect of the import of the goods.

When

At the same time and manner as the customs duty is payable

Payable to the credit of

Federal Government

On the day deducted  Rule 43(a)

Statement(s) of tax collected

Monthly  With in 15 days  Rule 44(2)
Annual  With in 2 months  Section 165/Rule 44(1)
**Exemptions**

1. **Goods imported by Federal Government**  
   [Section 49].

2. **Goods imported by Provincial Government**  
   [Section 49 and SRO 593(I)/91 dated June 30, 1991].

3. **Goods imported by a local authority**  
   [Section 49 and SRO 593(I)/91 dated June 30, 1991].

4. **Re-usable containers re-imported for re-export qualifying for customs duty and sales tax exemption on temporary import under the Customs Notification No. SRO 344(I)/95, dated April 25, 1995**  
   [Section 148(2)(a)].

5. **Petroleum products namely, Motor Sprit, Furnace Oil, JP-1 and MTBE**  
   [Section 148(2)(b)].

6. **Raw materials (other than edible oils and crude oil imported as raw material for manufacture of ghee or cooking oil) imported by manufacturers for their own use on the basis of certificate issued by the Commissioner granting:**  
   a. **Reduction in the rate of withholding tax (upto 75%), if the aggregate of tax paid or collected in a tax year equals the amount of tax paid in the immediately preceding year**  
      [Section 148(3)]; or  
   b. **Exemption from collection of tax:**  
      i. Where the manufacturer is liable to pay advance tax under section 147 of the Income Tax Ordinance, 2001  
         [Section 148(4)] or  
      ii. Where the income of the manufacturer is exempt from tax during the tax year  
         [Section 148(4A)]; or  
      iii. Where the manufacturer is not likely to pay any tax (other than minimum tax under section 113 of the Income Tax Ordinance, 2001) on account of depreciation or brought forward losses  
         [Section 148(4A)].

7. **Goods imported by persons whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from collection of tax**  
   [Section 159].

   [Clause (16) of Part IV of 2nd Schedule].

9. **Goods or classes of goods imported by contractors and sub-contractors engaged in the execution of power project under the agreement between the Islamic Republic of Pakistan and Hub Power Company Limited**  
   [Clause (56)(i) of Part IV of 2nd Schedule].

10. **Specially equipped motor vehicle or support equipment imported by disabled persons, as allowed by the Federal Government**  
     [Clause (56)(ii) of Part IV of 2nd Schedule].

11. **Goods imported by way of gift or donation received by a charitable non-profit making hospital or institution, solely for the purpose of advancing the declared objectives of such hospital or institution, subject to the following conditions, namely:**  
    a. **No condition is attached to the gift or donation by the donor and the receiving institution or hospital is at liberty to use the same in accordance with its declared objectives; and**  
    b. **The receiving institution or hospital furnishes an undertaking in writing to the respective Collector of Customs to the effect that such gifts or donations will not be sold, utilized or disposed of otherwise than for the purpose for which the same have been received and binds itself to pay the chargeable duties in the event of a breach of the undertaking.**  
     [Clause (56)(iii) of Part IV of 2nd Schedule]

12. **Equipment, apparatus, reagents, disposable and spares, imported by:**  
    a. **charitable non profit making institutions operating hospitals of fifty beds or more; and**  
    b. **hospitals run by the Federal Government or a Provincial Government,**  
       - **Subject to the following conditions:**  
       i. **the importing institution or hospital furnishes an undertaking in writing to the respective Collector of Customs to the effect that such equipment, apparatus, reagents, disposal and spares will not be sold,**
utilized or disposed of otherwise than for the purpose for which the same have been imported and binds itself to pay the chargeable duty and sales tax in the event of breach of the undertaking.

ii. The importing institution operating a hospital of fifty beds or more shall furnish a proof thereof to the satisfaction of the respective Collector of Customs.

[Clause (56)(iii) of Part IV of 2nd Schedule]

13. Goods imported by or donated to non profit making educational and research institutions subject to the following conditions:
   a. The imported goods have an educational and scientific character;
   b. The importing or receiving institutions are recognized, aided or run by the Federal Government or a Provincial Government;
   c. The importing or receiving institution shall produce a certificate from the competent authority that –
      i. Goods of equivalent educational and scientific value are not produced in Pakistan; and
      ii. The imported goods will be used exclusively under the control and responsibility of the importing or receiving institution.

[Clause (56)(iii) of Part IV of 2nd Schedule]


15. Goods imported by direct and indirect exporters (common bonded warehouse (conventional)) covered under sub-chapter 6 of Chapter XII of SRO 450(I)/2001, dated June 18, 2001 [Clause (56)(iv) of Part IV of 2nd Schedule]

16. Goods imported by direct and indirect exporters (Duty and Tax Remission for Exports) covered under sub-chapter 7 of Chapter XII of SRO 450(I)/2001, dated June 18, 2001 [Clause (56)(iv) of Part IV of 2nd Schedule]

   a. Pearls
   b. Gold
   c. Un-cut precious and semi precious stones
   d. Polished semi precious stones
   e. Jewelry casting powder
   f. Molding rubber
   g. Injection wax
   h. Jewelry casting machines and accessories
   i. Rhodium-plating solution concentrate
   j. Bright and chrome lacquering solution
   k. Steel balls and pins (different sizes) used for polishing.
   l. Diamond cutting tools (different sizes)
   m. Alloys of silver copper and zinc for mixing in 24 ct. gold
   n. Mounts and findings of gold, silver and platinum jewelry.

[Clause (56)(v) of Part IV of 2nd Schedule]

18. Liquefied Petroleum Gas (LPG) [Clause (56)(vi) of Part IV of 2nd Schedule].

19. Liquefied Natural Gas (LNG) [Clause (56)(vii) of Part IV of 2nd Schedule]

20. Agricultural tractors imported in completely built up (CBU) condition [Clause (56)(viii) of Part IV of 2nd Schedule]


22. Radio Navigational Aid Apparatus imported for an airport or on after First January, 2006 [Clause (56)(x) of Part IV of 2nd Schedule].

23. Import of the following items:; namely:-
   a. Onions;
b. Potatoes;
c. Tomatoes;
d. Garlic;
e. Halal meat of goat and sheep;
f. Halal meat of beef; and
g. Live animals (bovine animals i.e. buffalos, cows, sheep, goats and camels only).

[Clause (56)(xii) of Part IV of 2nd Schedule].

24. Goods donated for the relief of earthquake victims as are exempt from customs duties and sales tax [Clause (56)(xiv) of Part IV of 2nd Schedule].

25. Tents, tarpaulin and blankets [Clause (56)(xv) of Part IV of 2nd Schedule].

26. Goods imported by a company operating trading houses which-
   a. Has a paid up capital of more than Rs. 250 million;
   b. Owns fixed assets exceeding Rs. 300 million at the close of the Tax Year;
   c. Maintains computerized records of imports and sales of goods;
   d. Maintains a system for issuance of 100% cash receipts on sales;
   e. Presents its accounts for tax audit every year; and
   f. Is registered with the Sales Tax Department:

   [Clause (57) of Part IV of 2nd Schedule].

27. Fully as well partly designed/assembled cypher devices, for use within the country as are verified by Cabinet Division (NTISB) with reference to design, quality and quantity [Clause (60) of Part IV of 2nd Schedule].

28. Goods imported by foreign companies and other associations whose share capital is substantially held by a foreign Government [SRO 593(I)/91 dated June 30, 1991].

29. Plant or machinery imported by a person for execution of a contract with the Federal Government or Provincial Government and produces a certificate from the Government [SRO 593(I)/91 dated June 30, 1991].

30. Goods imported by persons excluding commercial importers and manufacturers of vanaspati ghee or oil, who produces a certificate from the Commissioner to the effect that:
   a. Their income during the tax year is exempt from tax;
   b. Their income during the tax year is not likely to be chargeable to tax; or
   c. No tax is likely to be payable by them on their income during the tax year on account of any brought forward loss, depreciation allowance or tax credit.

   [SRO 593(I)/91 dated June 30, 1991]

31. High-speed diesel oil, light diesel oil, high-octane blending component or kerosene oil imported by companies [SRO 593(I)/91 dated June 30, 1991].

32. Crude oil for refining and chemicals used in refining thereof imported by companies [SRO 593(I)/91 dated June 30, 1991].

33. Raw materials imported by manufacturer whose sales are hundred percent exports and who furnishes an undertaking to the Commissioner, to the effect that the imported raw materials shall be exclusively used and wholly consumed in production of goods, which shall be exported, and produces a certificate from the Commissioner that these requirements have been fulfilled [SRO 593(I)/91 dated June 30, 1991].

34. Goods imported by Businessmen Hospital Trust, Lahore [SRO 840(I)/79 dated September 12, 1979].

35. Goods temporarily imported into Pakistan for subsequent exportation which are exempt from Customs duty and Sales Tax under Notification No. S.R.O 1065(I)/2005 dated 20th October 2005. [SRO 863(I)/2006 dated 22nd August 2006]

Reduction in rate

36. Goods imported by persons whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of collection of tax [Section 159].
Clarifications

37. In relaxation of the conditions specified at S.No.18 above, the Commissioner of Income Tax have been instructed to issue exemption certificates initially for a period of three months renewable for subsequent similar periods where the export sales are eighty percent (80%) or more and the taxpayer offers to treat the local sales upto twenty percent (20%) of the total sales as export sales subject to final taxation.

38. Importers of goods belonging to tribal areas etc. are also liable for collection of tax on goods imported by them. However, since Income Tax Ordinance, 2001 does not extend to tribal areas etc., they can claim the refund of such tax collected from them (certain restrictions apply).

39. The words “not likely to be chargeable to tax” used at S. No. 22(b) above refers to income in respect of which no tax is chargeable by virtue of tax holiday or below the maximum amount that is chargeable to tax. Income in respect of which tax is not payable in view of brought forward losses or tax credits etc. is not covered by these words.

40. In case of importers of Azad Kashmir, the Customs authorities in Pakistan shall honor the certificate issued by the Commissioner of Income Tax, Azad Jammu and Kashmir, to the effect that such importers has paid the tax due as required by this section in designated branches of National Bank of Pakistan in Azad Jammu and Kashmir, alongwith a copy of such tax paid challan.
Section 149 - SALARY

Person(s) liable to deduct tax: Employer

From whom: Employee

Rate: Annual average rate (to be calculated as per rate card)

On: Salary chargeable to tax (please refer to our brochure on “Taxation of Income from Salary”)

When: At the time the salary is actually paid

Payable to the credit of: Where deducted by and on behalf of Government

Federal Government: On the day deducted Rule 43(a)

In other cases: With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected: Monthly With in 15 days Rule 44(2)

Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Salary paid to employees whose income is exempt from tax and produces a certificate from the Commissioner of exemption from deduction of tax [Section 159].

Reduction in rate

2. Salary paid to employees whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax [Section 159].

Rate card

3. Rate card for calculating gross income tax on the taxable income of a taxpayer deriving income from salary excluding flying allowance for which a separate rate is prescribed (see S. No. 4) is as under:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Taxable income</th>
<th>Rate of tax.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>1.</td>
<td>Where taxable income does not exceed Rs.150,000</td>
<td>00.00%</td>
</tr>
<tr>
<td>2.</td>
<td>Where the taxable income exceeds Rs.150,000 but does not exceed Rs.200,000</td>
<td>00.25%</td>
</tr>
<tr>
<td>3.</td>
<td>Where the taxable income exceeds Rs.200,000 but does not exceed Rs.250,000</td>
<td>00.50%</td>
</tr>
<tr>
<td>4.</td>
<td>Where the taxable income exceeds Rs.250,000 but does not exceed Rs.300,000</td>
<td>00.75%</td>
</tr>
<tr>
<td>5.</td>
<td>Where the taxable income exceeds Rs.300,000 but does not exceed Rs.350,000</td>
<td>01.50%</td>
</tr>
<tr>
<td>6.</td>
<td>Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000</td>
<td>02.50%</td>
</tr>
<tr>
<td>7.</td>
<td>Where the taxable income exceeds Rs.400,000 but does not exceed Rs.500,000</td>
<td>03.50%</td>
</tr>
<tr>
<td>8.</td>
<td>Where the taxable income exceeds Rs.500,000 but does not exceed Rs.600,000</td>
<td>04.50%</td>
</tr>
<tr>
<td>9.</td>
<td>Where the taxable income exceeds Rs.600,000 but does not exceed Rs.700,000</td>
<td>06.00%</td>
</tr>
<tr>
<td>10.</td>
<td>Where the taxable income exceeds Rs.700,000 but does not exceed Rs.850,000</td>
<td>07.50%</td>
</tr>
<tr>
<td>11.</td>
<td>Where the taxable income exceeds Rs.850,000 but does not exceed Rs.950,000</td>
<td>09.00%</td>
</tr>
<tr>
<td>12.</td>
<td>Where the taxable income exceeds Rs.950,000 but does not exceed Rs.1,050,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>13.</td>
<td>Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000</td>
<td>11.00%</td>
</tr>
<tr>
<td>14.</td>
<td>Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,500,000</td>
<td>12.50%</td>
</tr>
<tr>
<td>15.</td>
<td>Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.1,700,000</td>
<td>14.00%</td>
</tr>
<tr>
<td>16.</td>
<td>Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.2,000,000</td>
<td>15.00%</td>
</tr>
<tr>
<td>17.</td>
<td>Where the taxable income exceeds Rs.2,000,000 but does not exceed Rs.3,150,000</td>
<td>16.00%</td>
</tr>
</tbody>
</table>
18. Where the taxable income exceeds Rs.3,150,000 but does not exceed Rs.3,700,000, the tax rate is 17.50%.

19. Where the taxable income exceeds Rs.3,700,000 but does not exceed Rs.4,450,000, the tax rate is 18.50%.

20. Where the taxable income exceeds Rs.4,450,000 but does not exceed Rs.8,400,000, the tax rate is 19.00%.

21. Where the taxable income exceeds Rs.8,400,000, the tax rate is 20.00%.

In case of a woman taxpayer, no tax is charged if the taxable income does not exceed Rs.200,000.

[Paragraph 1A of Division I of Part I of 1st Schedule]

4. Flying allowance, is taxed as a separate block of income at the rate of 2.50%, received by:
   a. Pilots, flight engineers, navigators of Pakistan Armed Forces, Pakistani Airlines or Civil Aviation Authority; and
   b. Junior Commissioned Officers or other ranks of Pakistan Armed Forces

Reduction in tax liability

5. Where the taxable income, in a tax year, of a taxpayer aged 60 years or more on the first day of that tax year does not exceed Rs.400,000, his tax liability on such income is reduced by fifty percent (50%) [Sub-clause (1A) of Clause (1) of Part III of 2nd Schedule]

6. The tax payable by a:
   a. Full time teacher; or
   b. Researcher;
   employed in:
   a. A non profit education or research institution dully recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission;
   b. Government training and research institution;

   is further reduced by an amount equal to 75% of the tax payable (Gross tax minus reduction available to a taxpayer aged 60 years or more) [Sub-clause (2) of Clause (1) of Part III of 2nd Schedule]

Clarifications

7. Chargeability of income to tax is subject to determination of residential status that is resident individual or not. Since residential status of a Pakistani seaman working abroad foreign flag-ships cannot be determined before the expiry of the tax year, shipping agents are not required to withhold tax on salary paid to such Pakistani seamen.

8. The employer is permitted to make necessary adjustments within a tax year for any excess or short deduction while deducting tax from a subsequent payment of salary during the same tax year.

9. The employer is allowed to make adjustment of income tax collected alongwith the telephone bills and/or motor vehicle tax from the employees having income exclusively from salary. The employer is required to obtain the evidence of such tax collected and also to ensure that such employee is himself/herself the subscriber of telephone and owner of the motor vehicle.
Section 150 - DIVIDENDS

Person(s) liable to deduct tax: **Resident Company**

From whom: **Shareholders**

Rate

<table>
<thead>
<tr>
<th>From Whom</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Company</td>
<td>5%</td>
</tr>
<tr>
<td>Insurance Company</td>
<td>5%</td>
</tr>
<tr>
<td>Any other <strong>Resident Company</strong></td>
<td>5%</td>
</tr>
<tr>
<td>Others</td>
<td>10%</td>
</tr>
</tbody>
</table>

Reduced rate

- 7.5% Paid to a non-resident company by a company engaged exclusively in mining operations, other than petroleum [Clause (16) of Part II of 2nd Schedule]
- 7.5% Paid by a purchaser of a power project privatized by WAPDA [Clause (17) of Part II of 2nd Schedule].
- 7.5% Paid by a company set up for power generation [Clause (20) of Part II of 2nd Schedule].

On Gross amount of **dividend**

When At the time the dividend is actually paid

Payable to the credit of Federal Government With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected

<table>
<thead>
<tr>
<th>Monthly</th>
<th>With in 15 days</th>
<th>Rule 44(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
<td>With in 2 months</td>
<td>Section 165/Rule 44(1)</td>
</tr>
</tbody>
</table>

Exemptions

1. Dividend paid to the Federal Government [Section 49].
2. Dividend paid to a Provincial Government [Section 49].
3. Dividend paid to a Local Authority [Section 49].
4. Dividend paid to a shareholder whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].
5. Dividend paid to a Venture Capital Company. [Clause (38A) of Part IV of 2nd Schedule].
6. Dividend paid to the Islamic Development Bank. [Clause (38B) of Part IV of 2nd Schedule].
7. Dividend paid to National Investment (Unit) Trust. [Clause (47B) of Part IV of 2nd Schedule].
8. Dividend paid to Mutual fund established by Investment Corporation of Pakistan. [Clause (47B) of Part IV of 2nd Schedule].
9. Dividend paid to a collective investment scheme authorized or registered under the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003 [Clause (47B) of Part IV of 2nd Schedule].
10. Dividend paid to a modaraba [Clause (47B) of Part IV of 2nd Schedule].
11. Dividend paid to an approved pension fund or an approved income payment plan constituted by a pension fund manager registered under Voluntary Pension System Rules, 2005 [Clause (47B) of Part IV of 2nd Schedule].
12. Dividend paid to a Real Estate Investment Trust approved and authorized under the
Real Estate Investment Trust Rules, 2006, established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules, 2006 [Clause (47B) of Part IV of 2nd Schedule].

13. Dividend paid to a shareholder who produces a certificate from the Commissioner to the effect that his income during the tax year is exempt from tax under the Ordinance. [SRO 1236(I)/91 dated December 05, 1991].

Reduction in rate

14. Dividend paid to a shareholder whose income is subject to tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].
<table>
<thead>
<tr>
<th>Section</th>
<th>151(1)(a) - PROFIT ON DEBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person(s) liable to deduct tax</td>
<td>Person paying yield or profit (profit on debt) on an account, deposit or a certificate under the National Savings Scheme or Post Office Savings Account</td>
</tr>
<tr>
<td>From whom</td>
<td>Recipient of yield or profit (Profit on debt)</td>
</tr>
<tr>
<td>Rate</td>
<td>10%</td>
</tr>
<tr>
<td>On</td>
<td>Yield or profit (profit on debt) on an account, deposit or a certificate under the National Savings Scheme of Post Office Savings Account as reduced by amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980</td>
</tr>
<tr>
<td>When</td>
<td>At the time the yield or profit (profit on debt) is credited to the account of the recipient or is actually paid, whichever is earlier.</td>
</tr>
<tr>
<td>Payable to the credit of Federal Government</td>
<td>On the day deducted</td>
</tr>
<tr>
<td>Statement(s) of tax collected</td>
<td>Monthly</td>
</tr>
<tr>
<td></td>
<td>Annual</td>
</tr>
</tbody>
</table>

Exemptions

1. Yield or profit paid to the Federal Government. [Section 49 and SRO 594(I)/91 dated June 30, 1991].
2. Yield or profit paid to a provincial Government. [Section 49 and SRO 594(I)/91 dated June 30, 1991].
3. Yield or profit paid to a local authority. [Section 49 and SRO 594(I)/91 dated June 30, 1991].
4. Yield or profit paid to non-resident and such yield or profit is subject to withholding tax under section 152(2). [Section 151(2)].
5. Yield or profit paid to persons whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].
6. Yield or profit paid on investments in National Savings Schemes of the Directorate of National Savings that were exempt from tax under the repealed Income Tax Ordinance, 1979 and where investment was made on or before June 30, 2001 [Section 239(14)].
7. Yield or profit paid on Mahana Amadni Account of the Directorate of National Savings where the monthly installment does not exceed Rs. 1000 [Section 239(14)].
8. Yield or profit paid to institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network. [Clause (16) of Part IV of 2nd Schedule].
9. Yield or profit paid to a non-resident, (excluding a local branch or subsidiary or office of foreign bank, company association of persons or any other person operating in Pakistan), in respect of their Pak rupees denominated Government securities, where the investments are exclusively made from foreign exchange remitted into Pakistan through a Special Convertible Rupees Account maintained with a bank in Pakistan. [Clause (19) of Part IV of 2nd Schedule].
10. Yield or profit paid to National Investment (Unit) Trust. [Clause (33) and (47B) of Part IV of 2nd Schedule].
11. Yield or profit paid to a mutual fund established by Investment Corporation of Pakistan. [Clause (33) and (47B) of Part IV of 2nd Schedule].
12. Yield or profit paid to a mutual fund established by an Investment Company registered under the Investment Companies and Investment Advisors Rules, 1971. [Clause (33) of Part IV of 2nd Schedule].

13. Yield or profit paid to unit trust scheme constituted by an Asset Management Company registered under the Assets Management Companies Rule, 1995. [Clause (33) of Part IV of 2nd Schedule].

14. Yield or profit paid to a Real Estate Investment Trust approved and authorized under the Real Estate Investment Trust Rules, 2006, established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules, 2006 [Clause (33) and (47B) of Part IV of 2nd Schedule].

15. Yield or profit paid on investment in Bahbood Savings Certificates or Pensioner’s Benefit Account. [Clause (36A) of Part IV of 2nd Schedule].

16. Yield or profit paid to a Special Purpose Vehicle for the purpose of securitization. [Clause (38) of Part IV of 2nd Schedule].

17. Yield or profit paid to a Venture Capital Company. [Clause (38A) of Part IV of 2nd Schedule].

18. Yield or profit paid to a person who produces a certificate from the Commissioner to the effect that his income during the tax year is exempt from tax. [Clause (47) of Part IV of 2nd Schedule and SRO 594(I)/91 dated June 30, 1991].

19. Yield or profit paid to a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 [Clause (47B) of Part IV of 2nd Schedule].

20. Yield or profit paid to a Modaraba [Clause (47B) of Part IV of 2nd Schedule].

21. Yield or profit paid to an approved pension fund or an approved income payment plan constituted by a pension fund manager registered under Voluntary Pension System Rules, 2005. [Clause (47B) of Part IV of 2nd Schedule].

22. Yield or profit paid on investments made out of foreign currency account or deposit held on May 28, 1998, with a bank authorized under the Foreign Currency Accounts Scheme of State Bank of Pakistan. [Clause (59)(iii) of Part IV of 2nd Schedule].

23. Yield or profit paid to a resident individual on investments or deposit in Defence Savings Certificates, Special Savings Certificates, Savings Accounts or Post Office Savings Account, where such investment or deposit does not exceed Rs. 150,000. [Clause (59)(iv)(a) of Part IV of 2nd Schedule].

24. Yield or profit paid to a resident individual on investment made in Monthly Income Savings Account Scheme of Directorate of National Savings, where monthly installment in an account does not exceed Rs. 1000 [Clause (59)(iv)(b) of Part IV of 2nd Schedule].

Reduction in rate

25. Yield or profit paid to a person whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].
**Section 151(1)(b) - PROFIT ON DEBT**

**Person(s) liable to deduct tax**

Banking Company  
Financial Institution

**From whom**

Recipient of Profit on debt on an account or deposit

**Rate**

10%

**On**

Profit on debt on an account or deposit maintained as reduced by amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980

**When**

At the time the profit on debt is credited to the account of the recipient or is actually paid, whichever is earlier

**Payable to the credit of**

Federal Government  
With in 7 days from the end of each fortnight  
Rule 43(b)

**Statement(s) of tax collected**

Monthly  
With in 15 days  
Rule 44(2)

Annual  
With in 2 months  
Section 165/Rule 44(1)

**Exemptions**

1. Profit on an account or deposit paid to the Federal Government. [Section 49 and SRO 594(I)/91 dated June 30, 1991].

2. Profit on an account or deposit paid to a provincial Government. [Section 49 and SRO 594(I)/91 dated June 30, 1991].

3. Profit on an account or deposit paid to a local authority. [Section 49 and SRO 594(I)/91 dated June 30, 1991].

4. Profit on an account or deposit paid to non-residents and such profit is subject to withholding tax under section 152(2). [Section 151(2)].

5. Profit on an account or deposit paid to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].

6. Profit on an account or deposit paid to institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network. [Clause (16) of Part IV of 2nd Schedule].

7. Profit on an account or deposit paid to National Investment (Unit) Trust. [Clause (33) and (47B) of Part IV of 2nd Schedule].

8. Profit on an account or deposit paid to mutual fund established by Investment Corporation of Pakistan. [Clause (33) and (47B) of Part IV of 2nd Schedule].

9. Profit on an account or deposit paid to mutual fund established by an Investment Company registered under the Investment Companies and Investment Advisors Rules, 1971. [Clause (33) of Part IV of 2nd Schedule].

10. Profit on an account or deposit paid to a unit trust scheme constituted by an Asset Management Company registered under the Assets Management Companies Rule, 1995. [Clause (33) of Part IV of 2nd Schedule].

11. Profit on an account or deposit paid to a Real Estate Investment Trust approved and authorized under the Real Estate Investment Trust Rules, 2006, established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules, 2006 [Clause (33) and (47B) of Part IV of 2nd Schedule].
12. Profit on an account or deposit paid to a Special purpose Vehicle for the purpose of securitization. [Clause (38) of Part IV of 2nd Schedule].

13. Profit on an account or deposit paid to a Venture Capital Company. [Clause (38A) of Part IV of 2nd Schedule].

14. Profit on an account or deposit paid to a person who produces a certificate from the Commissioner to the effect that his income during the tax year is exempt from tax. [Clause (47) of Part IV of 2nd Schedule and SRO 594(I)/91 dated June 30, 1991].

15. Profit on an account or deposit paid to a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 [Clause (47B) of Part IV of 2nd Schedule].

16. Profit on an account or deposit paid to a Modaraba [Clause (47B) of Part IV of 2nd Schedule].

17. Profit on an account or deposit paid to an approved pension fund or an approved income payment plan constituted by a pension fund manager registered under Voluntary Pension System Rules, 2005 [Clause (47B) of Part IV of 2nd Schedule].

18. Profit on an account or deposit paid on an amount in a account or deposit created out of foreign currency account or deposit held on May 28, 1998, with a bank authorized under the Foreign Currency Accounts Scheme of State Bank of Pakistan. [Clause (59)(iii) of Part IV of 2nd Schedule].

19. Profit paid on an foreign currency account or deposit maintained in accordance with Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, by a citizen of Pakistan and a foreign national residing abroad, foreign association of persons, a company registered and operating abroad and a foreign national residing in Pakistan. [SRO 594(I)/91 dated June 30, 1991].

20. Profit paid on a rupee account or deposit held by a citizen of Pakistan residing abroad, where the deposit(s) in the said account is/are made exclusively from foreign exchange remitted into the said account. [SRO 594(I)/91 dated June 30, 1991].

21. Profit on an account or deposit paid by a Pakistani bank to a foreign bank, approved by the Federal Government for the purposes clause (84) of Part I of Second Schedule to the Income Tax Ordinance, 2001, for such period as may be determined by the Federal Government:

Provided that-

(a) the profit is earned on deposits comprising of remittances from abroad held in rupee account opened with a Pakistani bank with the prior approval of the State Bank of Pakistan;

(b) the Pakistani bank maintaining the said rupee account holds 20 per cent or more of the equity capital of the said foreign bank and the management of the latter vests in the Pakistani bank; and

(c) the rate of profit chargeable on the said deposits does not exceed the rate of interest chargeable on the deposits in the foreign currency accounts allowed to be opened with banks in Pakistan by the State Bank of Pakistan. [SRO 594(I)/91 dated June 30, 1991].

22. Profit on inter bank deposit paid to a banking company by another banking company. [SRO 594(I)/91 dated June 30, 1991].

Reduction in rate

23. Profit on an account or deposit paid to a person whose income is subject to tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].
### Section 151(1)(c) - PROFIT ON DEBT

**Person(s) liable to deduct tax**
- Federal Government
- Provincial Government
- Local Authority

**From whom**
Recipient of profit on any security *(profit on debt)*

**Rate**
10%

**On**
Profit on debt on any security (other than an account, deposit or certificate under the National Savings Schemes or Post Office Account) issued by the Federal Government or a Provincial Government or a local authority as reduced by amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980

**When**
At the time the profit on debt is credited to the account of the recipient or is actually paid, whichever is earlier

**Payable to the credit of**
- Federal Government: On the day deducted, Rule 43(a)

**Statement(s) of tax collected**
- Monthly: With in 15 days, Rule 44(2)
- Annual: With in 2 months, Section 165/Rule 44(1)

**Exemptions**

1. Profit on a Government or a local authority Security paid to the Federal Government. [Section 49 and SRO 594(I)/91 dated June 30, 1991].

2. Profit on a Government or a local authority Security paid to a provincial Government. [Section 49 and SRO 594(I)/91 dated June 30, 1991].

3. Profit on a Government or a local authority Security paid to a local authority. [Section 49 and SRO 594(I)/91 dated June 30, 1991].

4. Profit on a Government or a local authority Security paid to non-residents and such profit is subject to withholding tax under section 152(2). [Section 151(2)].

5. Profit on a Government or a local authority Security paid to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].

6. Profit on a Government or a local authority Security paid to a person whose income is not likely to be chargeable to tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].


8. Profit on a Government or a local authority Security paid to a non-resident, (excluding a local branch or subsidiary or office of foreign bank, company, association of persons or any other person operating in Pakistan), where the investment is exclusively made from foreign exchange remitted into Pakistan through a Special Convertible Rupees Account maintained with a bank in Pakistan. [Clause (19) of Part IV of 2nd Schedule].

9. Profit on a Government or a local authority Security paid to National Investment (Unit) Trust. [Clause (33) and (47B) of Part IV of 2nd Schedule].

10. Profit on a Government or a local authority Security paid to a mutual fund established by
11. Profit on a Government or a local authority Security paid to mutual fund established by an Investment Company registered under the Investment Companies and Investment Advisors Rules, 1971. [Clause (33) of Part IV of 2nd Schedule].

12. Profit on a Government or a local authority Security paid to unit trust scheme constituted by an Asset Management Company registered under the Assets Management Companies Rule, 1995. [Clause (33) of Part IV of 2nd Schedule].

13. Profit on Government or a local authority Security paid to a Real Estate Investment Trust approved and authorized under the Real Estate Investment Trust Rules, 2006, established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules, 2006 [Clause (33) and (47B) of Part IV of 2nd Schedule].


15. Profit on a Government or a local authority Security paid to a person who produces a certificate from the Commissioner to the effect that his income during the tax year is exempt from tax. [Clause (47) of Part IV of 2nd Schedule and SRO 594(I)/91 dated June 30, 1991].

16. Profit on a Government or a local authority Security paid to a Venture Capital Company. [Clause (38A) of Part IV of 2nd Schedule].

17. Profit on a Government or a local authority Security paid to a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 [Clause (47B) of Part IV of 2nd Schedule].

18. Profit on a Government or a local authority Security paid to a Modaraba (Clause (47B) of Part IV of 2nd Schedule).
Section 151(1)(d) - PROFIT ON DEBT

Person(s) liable to deduct tax

Banking Company
Financial Institution
Company as defined in the Companies Ordinance, 1984
Body Corporate formed by or under any law in force in Pakistan
Finance Society

From whom
Recipient of Profit on debt

Rate
10%

On
Profit on debt on any bond, certificate, debenture, security or instrument of any kind as reduced by amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980

When
At the time the profit on debt is credited to the account of the recipient or is actually paid, whichever is earlier

Payable to the credit of
Federal Government
With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected
Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Profit on bond, certificate, etc. paid to the Federal Government. [Section 49 and SRO 594(I)/91 dated June 30, 1991].
2. Profit on bond, certificate, etc. paid to Provincial Government. [Section 49 and SRO 594(I)/91 dated June 30, 1991].
3. Profit on bond, certificate, etc. paid to a local authority. [Section 49 and SRO 594(I)/91 dated June 30, 1991].
4. Profit on bond, certificate, etc. paid to a Financial Institution. [Section 151(1)(d)].
5. Profit on bond, certificate, etc. paid to a banking company or a development financial institution under a loan agreement by a borrower. [Section 151(1)(d)].
6. Profit on bond, certificate, etc. paid to non-residents and such profit is subject to withholding tax under section 152(2). [Section 151(2)].
7. Profit on bond, certificate, etc. paid to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].
8. Profit on bond, certificate, etc. paid to institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network. [Clause (16) of Part IV of 2nd Schedule]
9. Profit on Pak rupees denominated corporate securities and redeemable capital, as defined in the Companies Ordinance, 1984, listed on a registered stock exchange paid to a non-resident, (excluding local branch or subsidiary or office of foreign bank, company, association of persons or any other person operating in Pakistan), where the investment is exclusively made from foreign exchange remitted into Pakistan through a Special Convertible Rupees Account maintained with a bank in Pakistan. [Clause (19) of Part IV of 2nd Schedule].
10. Profit on bond, certificate, etc. paid to National Investment (Unit) Trust. [Clause (33) and (47B) of Part IV of 2nd Schedule].
11. Profit on bond, certificate, etc. paid to a mutual fund established by Investment
21. Profit on Term Finance Certificate issued on, or after 1st July, 1999 to a company [Clause (59)(i) of Part IV of 2nd Schedule].

22. Profit paid on Term Finance Certificate being the instrument of redeemable capital under the Companies Ordinance, 1984 issued by Prime Minister’s Housing Development Company (Private) Limited [Clause (59)(ii) of Part IV of 2nd Schedule].

23. Profit paid on bond, certificate, etc. created out of foreign currency account or deposit held on May 28, 1998, with a bank authorized under the Foreign Currency Accounts Scheme of State Bank of Pakistan. [Clause (59)(iii) of Part IV of 2nd Schedule].

24. Profit on Term Finance Certificates paid to a resident individual where such investment does not exceed Rs. 150,000 [Clause (59)(iv)(a) of Part IV of 2nd Schedule].

25. Profit on inter-bank deposits paid to a banking company by another banking company. [SRO 594(I)/91 dated June 30, 1991].

Reduction in rate

26. Profit on bond, certificate, etc. paid to a person whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].
Section 152(1) - PAYMENT TO NON-RESIDENTS

Person(s) liable to deduct tax
Every Person paying royalty or fee for technical services to a non-resident

From whom
Non-Resident Person

Rate
15% or lower rate as per agreement for avoidance of double taxation

On
Gross amount of royalty or fee for technical services

When
At the time the royalty or fee for technical services is actually paid

Payable to the credit of
Where deducted by and on behalf of Government

Federal Government
On the day deducted Rule 43(a)

In other cases With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected
Monthly With in 15 days Rule 44(2)

Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Royalty in respect of any property or right effectively connected with a permanent establishment in Pakistan. [Section 152(1) read with section 6(3)(a)].

2. Fee for technical services rendered through a permanent establishment in Pakistan. [Section 152(1) read with section 6(3)(b)].

3. Royalty or fee for technical services paid to a non-resident, whose incomes is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].

Reduction in rate

4. Royalty or fee for technical services paid to a non-resident whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159], e.g., -.

a. Royalty or fee for technical services subject to reduced rate under an agreement for avoidance of double taxation.
Section 152(1A) - PAYMENT TO NON-RESIDENTS

Person(s) liable to deduct tax
Every Person making payment for execution of contracts etc to a non-resident

From whom
Non-Resident Person

Rate
6%

On
Gross amount of payment on account of

A contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project;

Any other contract for the construction or services rendered relating thereto; or

A contract for advertisement services rendered by Television Satellite Channels

When
At the time the amount is actually paid

Payable to the credit of Federal Government
Where deducted by and on behalf of Government On the day deducted Rule 43(a)

In other cases With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected
Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions
1. Amount paid to a non-resident, whose incomes is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].

Reduction in rate
2. Amount paid to a non-resident whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].
Section 152(2) - PAYMENT TO NON-RESIDENTS

Person(s) liable to deduct tax
Every Person making a payment to a non-resident

From whom
Non-resident Person

Rate
30% or lower rate as per agreement for avoidance of double taxation

On
Gross amount of any payment chargeable to tax including profit on debts

When
At the time the amount is actually paid

Payable to the credit of
Where deducted by and
Non-resident Person on behalf of Government
On the day deducted Rule 43(a)

In other cases
With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected
Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Salary paid that is covered under section 149. [Section 152(3)(a)].

2. Dividend paid that is covered under section 150. [Section 152(3)(a)].

3. Rent of immovable property that is covered under section 155. [Section 152(3)(a)].

4. Prize on prize bond, or winnings from a raffle, lottery, or crossword puzzle that is covered by section 156. [Section 152(3)(a)].

5. Commission and brokerage that is covered by section 233. [Section 152(3)(a)].

6. Payment that is taxable in the hands of a permanent establishment in Pakistan, with the written approval of the Commissioner. [Section 152(3)(b)].

7. Payment made by the person who is liable to pay tax thereon as a representative of the non-resident provided a declaration to this effect is filed with the Commissioner prior to making the payment [Sections 152(3)(c) and 152(4)].

8. Payment that is not chargeable to tax subject to a notice in writing to the Commissioner to this effect indicating the name and address of the payee and the nature and amount of payment. The Commissioner on receipt of the notice shall pass an order accepting the contention or directing to deduct the tax. This exemption shall not apply if the Commissioner directs otherwise [Sections 152(3)(d), 152(5), 152(5A) and 152(6)].

No notice to the Commissioner is required for payment on account of:
- Import of goods where the title to the goods passes outside Pakistan (certain restrictions apply) [Sections 152(7)].
- Educational and medical expenses remitted in accordance with the regulations of the State Bank of Pakistan [Sections 152(7)]

9. Payment to a non-resident whose income is exempt from tax and who produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159].

Reduction in rate

10. Payment to a non-resident whose income is subject to a tax at a lower rate and who produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159], e.g., -

Payment subject to reduced rate under an agreement for avoidance of double taxation.
PAYMENT FOR GOODS AND SERVICES

Section 153(1)

Person(s) liable to deduct tax

Federal Government
- Company other than a Small Company
- Association of Persons constituted by, or under, law
- Foreign Contractor or Consultant
- Consortium or Joint Venture

From whom

- Resident Person; and
- Permanent Establishment in Pakistan of a Non-Resident

Rate

1.5% Sale of rice, cottonseed or edible oils
3.5% Sale of any other goods
6.0% Transport services
6.0% Other services rendered or provided
6.0% Execution of contract

Reduced rate

2% goods transport vehicles.
[SRO 794(1)/2006 dated August 5, 2006.
1.0% Sale of raw wool, cotton lint and rice
[SRO 600(I)/91 dated July 02, 1991

Where the taxpayer from whom tax is deducted fails to disclose his National Tax Number (NTN) to the person responsible to deduct tax (withholding agent) the rate of tax to be deducted stands increased by another 2% over and above the above mentioned rates.

A taxpayer without National Tax Number (NTN) can provide his/her Computerized National Identity Card Number (CNIC) to avoid deduction of above mentioned additional 2% withholding tax.

On

Gross amount of payment on account of:
- sale of goods (inclusive of sales tax);
- rendering of or providing of services; and
- execution of a contract, other than a contract for the sale of goods or the rendering of or providing of services

When

At the time the amount is actually paid

Payable to the credit of

Federal Government

Where deducted by and on behalf of Government
On the day deducted Rule 43(a)

In other cases With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected

Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Payment made to the Federal Government [Section 49].
2. Payment made to a local authority [Section 49 and SRO 586(I)/91 dated June 30, 1991]
3. Payment made to a local authority [Section 49 and SRO 586(I)/91 dated June 30, 1991].

4. Persons to whom the Commissioner may by an order in writing direct to make the payment without deduction of tax [Section 153(4)].

5. Payment for sale of goods to an importer who has paid tax at the time of import of such goods provided the goods are sold in the same condition as they were when imported [Section 153(5)(a) and Clause (47A) of Part IV of 2nd Schedule].

6. Payment of refund of security deposit. [Section 153(5)(b)].

7. Payment representing the cost of construction material supplied to the contractor by the Federal Government, Provincial Government or a local authority [Section 153(5)(ba)].

8. Payment for purchase of an asset under a lease and buy back agreement by a modaraba, leasing company, banking company or financial institution [Section 153(5)(c)].

9. Payment for securitization of receivables by a Special Purpose Vehicle to the Originator. [Section 153(5)(d)].

10. Payments made by a small company [Section 153(5)(e)].

11. Payment made to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].


13. Payment made to a special purpose vehicle for the purpose of securitization [Clause (38) of Part IV of 2nd Schedule].

14. Payments made on account of supply of petroleum products imported by the same supplier under the Government's de-regulation policy of POL products [Clause (43A) of Part IV of 2nd Schedule].

15. Payment made by a manufacturer-cum-exporter excluding payments relating to goods sold in Pakistan or payments in respect of which special rates of tax deduction are specified [Clause (45) of Part IV of 2nd Schedule].

16. Payment made to an oil distribution company or an oil refinery for supply of its petroleum products [Clause (46) of Part IV of 2nd Schedule].

17. Goods imported by companies operating trading houses which-
   a. Have paid up capital of exceeding Rs.250 million;
   b. Own fixed assets exceeding Rs. 300 million at the close of the Tax Year;
   c. Maintain computerized records of imports and sales of goods;
   d. Maintain a system for issuance of 100% cash receipts on sales;
   e. Present accounts for tax audit every year; and
   f. Is registered with the Sales Tax Department:
      [Clause (57) of Part IV of 2nd Schedule]

18. Fully as well partly designed/assembled cypher devices, for use within the country as are verified by Cabinet Division (NTISB) with reference to design, quality and quantity. [Clause (60) of Part IV of 2nd Schedule].

19. Payment made to residents of Tribal Areas or Azad Kashmir who execute contracts in Tribal Areas or as the case may be, Azad Kashmir only and produces a certificate to this effect from the Political Agent concerned or the district authority, as the case may be, or in case of Azad Kashmir, from the Taxation Officer concerned [SRO 586(I)/91 dated June 30, 1991].

20. Payment made to a person who produces a certificate from the Commissioner to the effect that his income during the tax year is exempt from tax [SRO 586(I)/91 dated June 30, 1991].

21. Payment made by a company exclusively for the sale of agricultural produce, including fresh milk, live chicken birds and eggs by any
person engaged in poultry farming and by an industrial undertaking engaged in poultry processing which has not been subjected to any process other than that which is ordinarily performed to render such produce fit to be taken to the market [SRO 586(I)/91 dated June 30, 1991].

22. Payment made to a company for the sale of electricity and gas [SRO 586(I)/91 dated June 30, 1991].

23. Payment made to a company for the sale of crude oil [SRO 586(I)/91 dated June 30, 1991].

24. Payment made to Attock Refinery Limited, National Refinery Limited or Pakistan Refinery Limited for the sale of their products [SRO 586(I)/91 dated June 30, 1991].

25. Payment made to Pakistan State Oil Company Limited, Shell Pakistan Limited or Caltex Oil (Pakistan) Limited for the sale of petroleum products [SRO 586(I)/91 dated June 30, 1991].

26. Payments made in cash to a hotel or restaurant for providing accommodation or food or both as the case may be [SRO 586(I)/91 dated June 30, 1991].

27. Payment made to a shipping company or air carrier for sale of passenger ticket or cargo charges of goods transported [SRO 586(I)/91 dated June 30, 1991].

28. Payment made for sale of goods not exceeding Rs. 25,000 in a financial year. Provided that where the total payments in a financial year, exceed Rs. 25,000 the payer shall deduct tax from the payments including the tax on payments made earlier without deduction of tax during the same financial year [SRO 586(I)/91 dated June 30, 1991].

29. Payment made for services rendered, services provided and execution of a contract not exceeding Rs. 10,000 in a financial year. Provided that where the total payments in a financial year, exceed Rs. 10,000, the payer shall deduct tax from the payments including the tax on payments made earlier without deduction of tax during the same financial year [SRO 586(I)/91 dated June 30, 1991].

30. Payment made for sale of cottonseed [SRO 586(I)/91 dated June 30, 1991].

31. Payment made to a manufacturer of goods, who produces a certificate from the Commissioner to the effect that his income during the tax year is not likely to be chargeable to tax due to assessed losses carried forward [SRO 586(I)/91 dated June 30, 1991].

32. Payment made to an owner of one goods transport vehicle, once in a financial year from a payer on account of carriage of goods on behalf of such payer on a single journey undertaken during the said financial year [SRO 586(I)/91 dated June 30, 1991].

33. Payment made to a person whose income is not liable to final taxation and who produces a certificate from the Commissioner to the effect that his income during the tax year is not likely to be chargeable to tax due to assessed losses carried forward. [SRO 586(I)/91 dated June 30, 1991].

34. Payment made to a person whose income is not liable to final taxation; and

(a) from whom tax has been deducted under sub-section (1) of section 153;

(b) the aggregate of the tax deducted under the said sub-section is equal to or exceeds the tax payable under section 147 in respect of that tax year; and

(c) produces a certificate to that effect from the Commissioner [SRO 586(I)/91 dated June 30, 1991].

35. Payments made by exporters of goods on account of supply of such goods as are purchased in respect of goods exported outside Pakistan. Provided that –

(a) the exporter shall deduct tax on account of goods purchased in respect of goods sold in Pakistan;

(b) if tax has not been deducted from payments on account of supply of goods in respect of goods sold in Pakistan, the said tax shall be paid by the exporter, if the sales in Pakistan are in excess of five percent of export sales; and

(c) nothing contained in this clause shall apply to payments made on account of purchases of such goods in respect of
which special rates of tax deduction have been specified.
[SRO 368(I)/94 dated March 07, 1994].

Reduction in rate

36. Payment made to a person whose incomes is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax [Section 159], e.g., -

a. Resident persons engaged in the business of shipping in respect of their ships and all floating crafts including tugs, dredgers, survey vessels and other specialized craft purchased or bare-boat chartered and flying Pakistan Flag at the rate of one US$ per gross registered tonnage per annum;
[Clause (21) of Part II of 2nd Schedule]

b. Resident persons engaged in the business of shipping in respect of their ships and all floating crafts including tugs, dredgers, survey vessels and other specialized craft not registered in Pakistan and hired under any charter other than bare-boat charter at the rate of fifteen US cents per ton of gross registered tonnage per chartered voyage subject to a maximum of one US$ per ton of gross registered tonnage per annum.
[Clause (21) of Part II of 2nd Schedule]

c. Services of sizing, weaving, stitching, dyeing, printing, embroidery and washing rendered or provided to an exporter or an export house at the rate applicable to the exporter under section 154 on export of such goods.
[Clause (25) of Part II of 2nd Schedule]

38. In case the recipient of payment claims exemption under S.No.2 above (i.e. import-cum-sale), it is the responsibility of the person making the payment to ensure that the conditions for exemption are fulfilled and for this purpose may obtain the relevant import documents etc.

39. Lease payments under “lease financing arrangements” are not liable to deduction of tax at source.

40. Renting of vehicles amounts to provision of services and therefore car rentals attract deduction of tax at source.

41. Insurance premiums paid to and claims discharged by insurance companies are not liable to deduction of tax at source.

42. The Commissioner of Income Tax is empowered, under section 153(4) of the Income Tax Ordinance, 2001, to issue exemption certificate to the petrol pump operators who may have to suffer further tax deduction from the sales of petroleum products under section 153(1) of the Income Tax Ordinance, 2001 from whom tax has already been collected under section 156A of the Income Tax Ordinance, 2001.

Clarifications

37. Payment to agents, who work on fixed commission basis but receive payment on behalf of their principals as well, can be bifurcated between the agent and the principal for the purposes of deduction at source. Accordingly the tax deducted will be separately deposited on behalf of the agent and principal.

Where the principal is exempt, the tax shall be deducted from the payment relating to the agent only.
Section 153(1A) - PAYMENT FOR RENDERING OR PROVIDING OF SERVICES OF STITCHING, DYING, PRINTING, EMBROIDERY, WASHING, SIZING AND WEAVING.

Person(s) liable to deduct tax
Every Exporter
Every Export House

From whom
Resident Person; and
Permanent Establishment in Pakistan of a Non-Resident

Rate
0.75% Of the goods listed in Part I of 7th Schedule
1.00% Of the goods listed in Part II of 7th Schedule
1.25% Of the goods listed in Part III of 7th Schedule
1.50% Of the goods listed in Part IV of 7th Schedule

On
Gross amount of payment on account of:
rendering or providing of services of stitching, dying, printing, embroidery, washing, sizing and weaving

When
At the time the amount is actually paid

Payable to the credit of Federal Government
Where deducted by and on behalf of Government On the day deducted Rule 43(a)
In other cases With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected
Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions
1. Payment made to the Federal Government [Section 49].
2. Payment made to a Provincial Government [Section 49].
3. Payment made to a Local Authority [Section 49].
4. Payment made to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].
<table>
<thead>
<tr>
<th>Section</th>
<th>154(1) &amp; (2)</th>
<th>EXPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Person(s) liable to deduct tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized dealer in foreign exchange (normally banking company etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>From whom</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exporter of goods; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Indenting commission agents</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.75%</td>
<td>Of the export proceeds of goods listed in Part I of 7th Schedule</td>
<td></td>
</tr>
<tr>
<td>1.00%</td>
<td>Of the export proceeds of goods listed in Part II of 7th Schedule</td>
<td></td>
</tr>
<tr>
<td>1.25%</td>
<td>Of the export proceeds of goods listed in Part III of 7th Schedule</td>
<td></td>
</tr>
<tr>
<td>1.50%</td>
<td>Of the export proceeds of goods listed in Part III of 7th Schedule</td>
<td></td>
</tr>
<tr>
<td>5.00%</td>
<td>Of the indenting commission proceeds</td>
<td></td>
</tr>
<tr>
<td><strong>Reduced rate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.75%</td>
<td>Rice marketed under a brand name up to 50 kilograms packs</td>
<td></td>
</tr>
<tr>
<td>Canned and bottled fish including seafood and other food items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious and semi-precious stones whether uncut, cut, or polished [Clause (14) of Part II of 2nd Schedule].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.75%</td>
<td>Fish and fisheries products packed in retail packs of five hundred grams to two kilograms [Clause (15) of Part II of 2nd Schedule].</td>
<td></td>
</tr>
<tr>
<td>0.75%</td>
<td>Export indenting commission on export proceeds of goods listed in Part I of 7th Schedule</td>
<td></td>
</tr>
<tr>
<td>1.00%</td>
<td>Export indenting commission on export proceeds of goods listed in Part II of 7th Schedule</td>
<td></td>
</tr>
<tr>
<td>1.25%</td>
<td>Export indenting commission on export proceeds of goods listed in Part III of 7th Schedule</td>
<td></td>
</tr>
<tr>
<td>1.50%</td>
<td>Export indenting commission on export proceeds of goods listed in Part IV of 7th Schedule</td>
<td></td>
</tr>
<tr>
<td><strong>On</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange proceeds</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>When</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the time of realization of the export proceeds or indenting commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payable to the credit of</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With in 7 days from the end of each fortnight</td>
<td>Rule 43(b)</td>
<td></td>
</tr>
<tr>
<td><strong>Statement(s) of tax collected</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With in 15 days</td>
<td>Rule 44(2)</td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With in 2 months</td>
<td>Section 165/Rule 44(1)</td>
<td></td>
</tr>
<tr>
<td><strong>Exemptions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Realization on behalf of the Federal Government [Section 49].</td>
<td>a certificate from the Commissioner of an exemption from deduction of tax [Section 159].</td>
<td></td>
</tr>
<tr>
<td>2. Realization on behalf of a Provincial Government [Section 49].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Realization on behalf of a Local Authority [Section 49].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Realization on behalf of a person whose income is exempt from tax and who produces</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Realization against export of cooking oil or vegetable ghee to Afghanistan by a person from whom tax has been collected on the import of edible oil [Clause (47C) of Part IV of 2nd Schedule].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Realization on behalf of Cotton Export Corporation of Pakistan. [SRO 987(I)/92 dated October 07, 1992].</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Reduction in rate

7. Realization on behalf of person whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax [Section 159], e.g., -

Realization of commission by an export indenting agent or an export buying house at the rate equal to the rate of tax applicable to the exporter on export of goods to which such commission relates. [Clause (5) of Part II of 2nd Schedule]

Clarifications

8. Advance payment received against export to be made are also realization of export proceeds and liable to deduction of tax at source.

Seventh Schedule

PART I
[Specified goods manufactured in Pakistan]

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Engineering goods, including electrical goods</td>
</tr>
<tr>
<td>2.</td>
<td>Jewellery, pharmaceuticals, durries, horticultural products</td>
</tr>
<tr>
<td>3.</td>
<td>Ceramic tiles and wares</td>
</tr>
<tr>
<td>4.</td>
<td>Cutlery</td>
</tr>
<tr>
<td>5.</td>
<td>Engineering goods manufactured in Pakistan as specified in the Engineering Goods (Control) Order, 1983</td>
</tr>
<tr>
<td>6.</td>
<td>Wooden furniture and wooden doors and windows</td>
</tr>
<tr>
<td>7.</td>
<td>Goods specified under Chapters, Heading and Sub-Heading Nos. of the Pakistan Custom Tariff</td>
</tr>
<tr>
<td>8.</td>
<td>Vegetables, fresh fruit and cut flowers</td>
</tr>
<tr>
<td>9.</td>
<td>Processed poultry meat</td>
</tr>
</tbody>
</table>

PART II
[Goods manufactured in Pakistan]

<table>
<thead>
<tr>
<th>S. No.</th>
<th>HS Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>42.05</td>
<td>Other articles of leather</td>
</tr>
<tr>
<td>2.</td>
<td>57.01</td>
<td>Hand-knitted carpets and rugs</td>
</tr>
<tr>
<td>3.</td>
<td>61.01</td>
<td>Men and boys overcoats, jackets, trousers, shirts knitted or crocheted</td>
</tr>
<tr>
<td>4.</td>
<td>61.02</td>
<td>Women and girls overcoats, jackets, knitted or crocheted</td>
</tr>
<tr>
<td>5.</td>
<td>61.03</td>
<td>Men and boys suits, jackets, trousers, shirts knitted or crocheted</td>
</tr>
<tr>
<td>6.</td>
<td>61.05</td>
<td>Men and boys shirts knitted or crocheted</td>
</tr>
<tr>
<td>7.</td>
<td>61.06</td>
<td>Women and girls blouses, shirts knitted or crocheted</td>
</tr>
<tr>
<td>8.</td>
<td>61.09</td>
<td>T-shirts knitted or crocheted</td>
</tr>
<tr>
<td>9.</td>
<td>61.12</td>
<td>Tracksuits, swimwear knitted or crocheted</td>
</tr>
<tr>
<td>10.</td>
<td>63.01</td>
<td>Blankets, wool, cotton and MMF, 2000, 3000, 4000</td>
</tr>
<tr>
<td>11.</td>
<td>63.02</td>
<td>Bed linen, table linen and kitchen linen</td>
</tr>
<tr>
<td>12.</td>
<td></td>
<td>(i) Refined / treated salt</td>
</tr>
<tr>
<td>13.</td>
<td></td>
<td>(ii) Ground barites</td>
</tr>
<tr>
<td>14.</td>
<td></td>
<td>(iii) Granite blocks and slabs</td>
</tr>
<tr>
<td>15.</td>
<td></td>
<td>(iv) Heat insulating bricks</td>
</tr>
<tr>
<td>16.</td>
<td></td>
<td>(v) Magnesite refractory</td>
</tr>
</tbody>
</table>

PART III
[Goods not covered by Part I, II or IV]

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>All other goods not covered under Part I and Part II and Part IV of this Schedule</td>
</tr>
<tr>
<td>2.</td>
<td>The following goods or class of goods produced or manufactured in Pakistan, namely: -</td>
</tr>
<tr>
<td></td>
<td>(i) rice</td>
</tr>
<tr>
<td></td>
<td>(ii) rice bran</td>
</tr>
<tr>
<td></td>
<td>(iii) wheat bran</td>
</tr>
<tr>
<td></td>
<td>(iv) lamb skin</td>
</tr>
<tr>
<td>3.</td>
<td>Following types of goods not covered by other provisions of this Schedule, namely:-</td>
</tr>
<tr>
<td></td>
<td>(i) leather and articles thereof</td>
</tr>
<tr>
<td></td>
<td>(ii) textile and textile articles</td>
</tr>
<tr>
<td></td>
<td>(iii) carpets</td>
</tr>
<tr>
<td></td>
<td>(iv) surgical goods</td>
</tr>
<tr>
<td>4.</td>
<td>Such other goods as may be notified by the Central Board of Revenue</td>
</tr>
</tbody>
</table>

PART IV
[Goods not covered by Part I, II & III]

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Raw cotton</td>
</tr>
<tr>
<td>2.</td>
<td>Cotton yarn</td>
</tr>
<tr>
<td>3.</td>
<td>Such other goods as may be notified by the Central Board of Revenue</td>
</tr>
</tbody>
</table>
Section 154(3) - INDIRECT EXPORTS

**Person(s) liable to deduct tax**: Banking Company

**From whom**: Every Person

**Rate**
- 0.75% of the goods listed in Part I of 7th Schedule
- 1.00% of the goods listed in Part II of 7th Schedule
- 1.25% of the goods listed in Part III of 7th Schedule
- 1.50% of the goods listed in Part IV of 7th Schedule

**On**
- Realization of proceeds on account of sale of goods to an exporter under an inland back-to-back letter of credit
- Realization of payments made through crossed cheques to indirect exporters against Standard Purchase Order in the format prescribed by the State Bank of Pakistan

**When**
- At the time of realization of the sale proceeds or realizing the payment made through crossed cheque

**Payable to the credit of Federal Government**: With in 7 days from the end of each fortnight Rule 43(b)

**Statement(s) of tax collected**
- Monthly With in 15 days Rule 44(2)
- Annual With in 2 months Section 165/Rule 44(1)

**Exemptions**

1. Realization on behalf of the Federal Government [Section 49].

2. Realization on behalf of a Provincial Government [Section 49].

3. Realization on behalf of a Local Authority [Section 49].

4. Realization on behalf of a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].

5. Realization on behalf of Cotton Export Corporation of Pakistan [SRO 987(l)/92 dated October 07, 1992].

**Reduction in rate**

6. Realization on behalf of a person whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].
Section 154(3A) - EXPORTS

Person(s) liable to deduct tax

The Export Processing Zone Authority established under the Export Processing Zone Authority Ordinance, 1980.

From whom

Industrial undertakings located in the areas declared by the Federal Government to be a Zone within the meaning of the Export Processing Zone Authority Ordinance, 1980.

Rate

- 0.75% Of the goods listed in Part I of 7th Schedule
- 1.00% Of the goods listed in Part II of 7th Schedule
- 1.25% Of the goods listed in Part III of 7th Schedule
- 1.50% Of the goods listed in Part III of 7th Schedule

On

Proceeds of the export of goods

When

At the time of export of goods

Payable to the credit of

Federal Government

With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected

Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Goods exported by the Federal Government [Section 49].

2. Goods exported by a Provincial Government [Section 49].

3. Goods exported by a Local Authority [Section 49].

4. Goods exported by a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].

Reduction in rate

5. Goods exported by a person whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax [Section 159].
Section 154(3B) - INDIRECT EXPORTS

Person(s) liable to deduct tax
Direct exporter

Export House registered under the Duty and Tax Remission for Export Rules, 2001 provided in sub-Chapter 7 of Chapter XII of the Customs Rules, 2001

From whom
Indirect exporter (defined under sub-Chapter 7 of Chapter XII of the Customs Rules, 2001)

Rate
0.75% Of the goods listed in Part I of 7th Schedule
1.00% Of the goods listed in Part II of 7th Schedule
1.25% Of the goods listed in Part III of 7th Schedule
1.50% Of the goods listed in Part III of 7th Schedule

On
Payment against a firm contract

When
At the time the amount is actually paid

Payable to the credit of
Federal Government
Within 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected
Monthly Within 15 days Rule 44(2)
Annual Within 2 months Section 165/Rule 44(1)

Exemptions

1. Payment made to the Federal Government [Section 49].

2. Payment made to a Provincial Government [Section 49].

3. Payment made to a Local Authority [Section 49].

4. Payment made to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].

Reduction in rate

5. Payment made to a person whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax [Section 159].

Brochure –005 Collection and Deduction of Tax at Source
Section 155 - INCOME FROM PROPERTY

Person(s) liable to deduct tax

Federal Government
Provincial Government
Local Authority

Company
Non-Profit Organization
Diplomatic Mission of a foreign state

From whom
Recipient of rent of immovable property

Rate
5%

On
Rent of immovable property (including rent of furniture and fixtures, and amounts for services relating to such property); and
Any amount received in advance which is not adjustable against the rent e.g., security deposit, goodwill, etc.

When
At the time the rent, etc., is actually paid

Payable to the credit of
Federal Government
Where deducted by and on behalf of Government
On the day deducted
Rule 43(a)
In other cases
With in 7 days from the end of each fortnight
Rule 43(b)

Statement(s) of tax collected
Monthly
With in 15 days
Rule 44(2)
Annual
With in 2 months
Section 165/Rule 44(1)

Exemptions

1. Rent paid to the Federal Government [Section 49].

2. Rent paid to a Provincial Government [Section 49].

3. Rent paid to a Local Authority [Section 49].

4. Rent paid to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].


6. Rent paid to a person who produces a certificate from the Commissioner to the effect that his income during the tax year is exempt from tax [Clause (47) of Part IV of 2nd Schedule].

7. Rent paid to a person who produces a certificate from the Additional Commissioner to the effect that the recipient's income during the tax year is exempt from tax under the Ordinance [SRO 1130(I)/91 dated November 07, 1991].
Section 156 - PRIZES AND WINNINGS

Person(s) liable to deduct tax

Every Person paying prize or winnings

From whom

Recipient of prize or winnings

Rate

10% On prize of a prize bond

20% On prize or winnings from a raffle, lottery, quiz or crossword puzzle; or prize offered by companies for promotion of sale

On

Amount of prize of a prize bond; or
Amount or value of prize or winnings from a raffle, lottery, quiz or crossword puzzle; or prize offered by companies for promotion of sale

When

At the time the prize or winnings are actually paid

Payable to the credit of

Where deducted by and on behalf of Government

On the day deducted

Rule 43(a)

In other cases With in 7 days from the end of each fortnight

Rule 43(b)

Statement(s) of tax collected

Monthly With in 15 days

Rule 44(2)

Annual With in 2 months

Section 165/Rule 44(1)

Exemptions

1. Prize or winnings paid to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].

2. Prize or winnings paid to institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network [Clause (16) of Part IV of 2nd Schedule].

Clarification

3. If the prize or winning is not paid in cash, the person giving the prize or winning is required to collect the tax on the fair market value of the prize or winning [Section 156(2)].
Section 156A - PAYMENTS FOR PETROLEUM PRODUCTS

Person(s) liable to collect tax
Every Person selling petroleum products to petrol pump operator

From whom
Petrol pump operator

Rate
10%

On
Amount of commission or discount allowed

When
At the time the commission or discount is actually paid; or
At the time of receiving payment where the petrol pump operator retains the commission or discount out of proceeds remitted.

Payable to the credit of
Federal Government
With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected
Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions
1. Commission or discount allowed to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].

Clarifications
2. The Commissioner of Income Tax is empowered, under section 153(4) of the Income Tax Ordinance, 2001, to issue exemption certificate to the petrol pump operators who may have to suffer further tax deduction from the sales of petroleum products under section 153(1) of the Income Tax Ordinance, 2001 from whom tax has already been collected under section 156A of the Income Tax Ordinance, 2001.
**Section 156B - WITHDRAWAL FROM PENSION FUND**

**Person(s) liable to collect tax**  
_Pension Fund Manager_

**From whom**  
Recipient of amount from individual pension account maintained under any  
_Approved Pension Fund_

**Rate**  
Average rate of tax on the taxable income of three preceding years

**On**  
Any amount withdrawn before the retirement age; or  
In excess of 25% of the accumulated balance withdrawn on or after the retirement age

**When**  
At the time of making the payment (withdrawal)

**Payable to the credit of**  
Federal Government  
With in 7 days from the end of each fortnight  
Rule 43(b)

**Statement(s) of tax collected**  
Monthly  
Within 15 days  
Rule 44(2)

Annual  
Within 2 months  
Section 165/Rule 44(1)

**Exemptions**

1. Withdrawal before the retirement age:
   a. Where the person suffers from any disability as mentioned in sub-rule (2) of rule 17 of the Voluntary Pension System Rules, 2005 which renders him unable to continue with any employment at the age which he may so elect to be treated as the retirement age or the age as on the date of such disability if not so elected by him.
   b. Payment to the nominated survivor(s) of the deceased person which would be treated as if the person had reached the age of retirement.

2. Withdrawn, in excess of 25% of accumulated balance at or after the retirement age which is:
   a. Invested in an _approved income payment plan_ of a pension fund manager [Section 156B];
   b. Paid to a life insurance company for the purchase of an _approved annuity plan_;
   c. Transferred to another individual pension account of the eligible person; or
   d. Transferred to the survivors pension account (in case of death of the eligible person) maintained with any other pension fund manager as specified in Voluntary Pension System Rules, 2005 [Section 156B].

3. Withdrawal by a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].

4. Withdrawal by a person whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of a lower rate of deduction of tax [Section 159].
**Section 231A - CASH WITHDRAWAL FROM A BANK**

**Person(s) liable to collect tax**

*Banking Company*

**From whom**

*Every Person* making a cash withdrawal exceeding Rs. 25,000 per day

**Rate**

0.2%

**On**

Amount withdrawn in excess of Rs. 25,000 per day

**When**

At the time the of making the payment (withdrawal)

**Payable to the credit of**

*Federal Government*

Within 7 days from the end of each fortnight **Rule 43(b)**

**Statement(s) of tax collected**

Monthly **Within 15 days** **Rule 44(2)**

Annual **Within 2 months** **Section 165/Rule 44(1)**

**Exemptions**

1. Withdrawal by the Federal Government [Section 49 and 231A(2)(a)].

2. Withdrawal by a Provincial Government [Section 49 and 231A(2)(a)].

3. Withdrawal by a Local Authority [Section 49].

4. Withdrawal by a foreign diplomat or a diplomatic mission in Pakistan [Section 231A(2)(b)].

5. Withdrawal by a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax. [Section 159 and 231A(2)(c)].

10. Withholding tax is attracted on cash withdrawn from ATM outside Pakistan against credit card issued in Pakistan.

11. Withholding tax is not attracted on cash withdrawal from ATM in Pakistan against credit card issued outside Pakistan.

12. Withholding tax is not attracted on credit card issued by Non-banking companies.

13. Transactions through “clearing house” are not cash withdrawals and therefore withholding tax is not attracted.

14. Whenever there is a cash withdrawal of full amount or amount of withdrawal and tax involved exceed the balance, then either the bank should refuse payment on account of "withdrawal amount exceeds the balance" or make payment to the person presenting the instrument after setting aside the amount of tax involved.

15. Withholding tax is not attracted on cash withdrawals by banks from accounts maintained with sub-treasury for their day-to-day cash requirements.

16. Generally, the withdrawal limit from an ATM is below Rs. 25,000 per day and therefore, withdrawals for day-to-day requirements by default do not attract withholding tax. However, in case cash withdrawal from an ATM per day exceeds Rs. 25,000, withholding tax would be attracted.

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**Clarifications**

6. The incidence of withholding tax is on the person in whose name the account, deposit or any other arrangement exists and from which a cash withdrawal in excess of Rs. 25,000 per day is made.

7. Withholding tax is attracted on issuance of bearer Pay Order or other similar banking instrument either by debiting an account, deposit or any other arrangement, or against cash received.

8. Withholding tax is not attracted on encashment of Pay Order or other similar banking instruments.

9. Withholding tax is not attracted on direct cash payment against home remittances from abroad.
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<tr>
<th>Section</th>
<th>233 - BROKERAGE AND COMMISSION</th>
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**Person(s) liable to deduct tax**
- Federal Government
- Provincial Government
- Local Authority
- Company
- Association of persons constituted by, or under, law

**From whom**
Recipient of brokerage or commission

**Rate**
10%

**Reduced rate**
05% Paid to advertising agents

**On**
Amount of Brokerage and Commission

**When**
- At the time the brokerage or commission is actually paid; or
- At the time of receiving payment where the agent retains the brokerage or commission out of proceeds remitted.

**Payable to the credit of**

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**Statement(s) of tax collected**
- Monthly With in 15 days Rule 44(2)
- Annual With in 2 months Section 165/Rule 44(1)

**Exemptions**

1. Brokerage or commission paid to the Federal Government [Section 49].
2. Brokerage or commission paid to a Provincial Government [Section 49].
3. Brokerage or commission paid to a Local Authority [Section 49].
4. Brokerage or commission paid to a person whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].
5. Brokerage or commission paid to National Investment (Unit) Trust [Clause (33) and (47B) of Part IV of 2nd Schedule].
6. Brokerage or commission paid to mutual fund established by Investment Corporation of Pakistan [Clause (33) and (47B) of Part IV of 2nd Schedule].
7. Brokerage or commission paid to mutual fund established by an Investment Company registered under the Investment Companies and Investment Advisors Rules, 1971 [Clause (33) of Part IV of 2nd Schedule].
8. Brokerage or commission paid to Unit Trust Scheme constituted by an Asset Management Company registered under the Assets Management Companies Rule, 1995 [Clause (33) of Part IV of 2nd Schedule].
9. Brokerage or commission paid to a Real Estate Investment Trust approved and authorized under the Real Estate Investment Trust Rules, 2006, established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules, 2006 [Clause (33) and (47B) of Part IV of 2nd Schedule].
10. Brokerage or commission paid to a special purpose vehicle for the purpose of securitization [Clause (38) of Part IV of 2nd Schedule].

11. Brokerage or commission paid to a Venture Capital Company [Clause (38A) of Part IV of 2nd Schedule].

12. Brokerage or commission paid to a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 [Clause (47B) of Part IV of 2nd Schedule].

13. Brokerage or commission paid to a Modaraba [Clause (47B) of Part IV of 2nd Schedule].

Reduction in rate

14. Brokerage or commission paid to a person whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].

Clarification

15. Payment to agents, who work on fixed commission basis but receive payment on behalf of their principals as well, can be bifurcated between the agent and the principal for the purposes of deduction at source. Accordingly, the tax deducted will be separately deposited on behalf of the agent and principal.

Where the principal is exempt, the tax shall be deducted from the payment relating to the agent only.

This situation normally arises in case of advertising agents, insurance agents, travel agents and agents of petroleum companies etc.
Section 233A(1)(a) & (b) - COMMISSION OF MEMBERS OF STOCK EXCHANGES

Person(s) liable to collect tax: Stock Exchange Registered in Pakistan

From whom: Members of the stock exchange

Rate: 0.01%

On: Purchase and/or sale value of the shares

When: At the time of making the payment or receiving the payment

Payable to the credit of: Federal Government

With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected:

Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Member of a stock exchange whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159]
Section 233A(1)(c) - TRADING OF SHARES BY THE MEMBERS OF STOCK EXCHANGES

Person(s) liable to collect tax: Stock Exchange Registered in Pakistan

From whom: Sellers of the shares through members of the stock exchange

Rate: 0.01%

On: Value of the shares traded (Sale)

When: At the time of making the payment

Payable to the credit of Federal Government: With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected: Monthly With in 15 days Rule 44(2)

Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Sellers of shares whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159]
Section 233A(1)(d) - FINANCING OF CARRY OVER TRADE (BADLA) IN SHARES BY THE MEMBERS OF STOCK EXCHANGES

Person(s) liable to collect tax: Stock Exchange Registered in Pakistan

From whom: Financiers through members of the stock exchange

Rate: 10%

On: Amount of carry over charge

When: At the time of making the payment

Payable to the credit of Federal Government: With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected:
- Monthly With in 15 days Rule 44(2)
- Annual With in 2 months Section 165/Rule 44(1)

Exemptions

1. Financiers of carry over trade whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159]
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<td>Rate</td>
<td>In the case of goods transport vehicles with registered laden weight of—</td>
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<td></td>
<td>(a) Less than 2030 kilograms. Rs. 1,200.</td>
</tr>
<tr>
<td></td>
<td>(b) 2030 kilograms or more but less than 8120 kilograms. Rs. 7,200.</td>
</tr>
<tr>
<td></td>
<td>(c) 8120 kilograms or more but less than 15000 kilograms. Rs.12,000.</td>
</tr>
<tr>
<td></td>
<td>(d) 15000 kilograms or more but less than 30,000 kilograms. Rs.18,000.</td>
</tr>
<tr>
<td></td>
<td>(e) 30,000 kilograms or more but less than 45,000 kilograms. Rs.24,000.</td>
</tr>
<tr>
<td></td>
<td>(f) 45,000 kilograms or more but less than 60,000 kilograms. Rs.30,000.</td>
</tr>
<tr>
<td></td>
<td>(g) 60,000 kilograms or more. Rs.36,000.</td>
</tr>
<tr>
<td></td>
<td>In the case of passenger transport vehicles plying for hire with registered seating capacity of—</td>
</tr>
<tr>
<td></td>
<td>(a) 4 or more persons but less than ten persons. Rs. 25 per seat per annum</td>
</tr>
<tr>
<td></td>
<td>(b) 10 or more persons but less than twenty persons. Rs.60 per seat per annum</td>
</tr>
<tr>
<td></td>
<td>(c) 20 persons ore more. Rs.100 per seat per annum</td>
</tr>
<tr>
<td></td>
<td>Other private motorcars with engine capacity of—</td>
</tr>
<tr>
<td></td>
<td>(a) 1000cc to 1199 cc. Rs. 500.</td>
</tr>
<tr>
<td></td>
<td>(b) 1200cc to 1299cc. Rs. 750.</td>
</tr>
<tr>
<td></td>
<td>(c) 1300cc to 1599cc. Rs. 1,500</td>
</tr>
<tr>
<td></td>
<td>(d) 1600 cc to 199cc Rs. 2,000</td>
</tr>
<tr>
<td></td>
<td>(e) 2000cc and above. Rs. 3,000.</td>
</tr>
<tr>
<td>Reduced rate</td>
<td>Rs. 1,200 Goods transport vehicles with laden weight of 8120 kilograms or more after a period of ten years from the date of first registration of the vehicle in Pakistan [Paragraph (1A) of Division III of Part IV of 1st Schedule].</td>
</tr>
<tr>
<td>On</td>
<td>Registered laden weight of goods transport vehicles</td>
</tr>
<tr>
<td></td>
<td>Registered seating capacity of passenger transport vehicles plying for hire</td>
</tr>
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<td>Engine capacity of private motorcars</td>
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<td>At the time of collecting motor vehicle tax (If motor vehicle tax is collected in installments, the tax is also collected in installments)</td>
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<td>On the day deducted Rule 43(a)</td>
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</thead>
<tbody>
<tr>
<td>Annual</td>
<td>With in 2 months</td>
<td>Section 165/Rule 44(1)</td>
</tr>
</tbody>
</table>

Exemptions

1. Motor vehicles owned by the Federal Government [Section 49].

2. Motor vehicles owned by a Provincial Government [Section 49].

3. Motor vehicles owned by a Local Authority [Section 49].

4. Owner of motor vehicle whose income is exempt from tax and who produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].

5. Motorcar used for more than ten years in Pakistan [Section 234(2A)].

6. Passenger transport vehicle with registered seating capacity of ten or more persons after a period of ten years from the first day of July of the year of make of the vehicle [Section 234(3)].

7. Goods transport vehicle with registered laden weight of less than 8120 kilograms after a period of ten years from the date of first registration of the vehicle in Pakistan [Section 234(4)].

Reduction in rate

8. Owner of motor vehicle whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax [Section 159].
**Section** 235 - ELECTRICITY CONSUMPTION

**Person(s) liable to collect tax** Person preparing electricity consumption bill

**From whom** Commercial or Industrial consumers of electricity

**Rate** Where the amount of electricity bill

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) does not exceed Rs. 400.</td>
<td>Rs. 60</td>
</tr>
<tr>
<td>(b) exceeds Rs. 400 but does not exceed Rs. 600</td>
<td>Rs. 80</td>
</tr>
<tr>
<td>(c) exceeds Rs. 600 but does not exceed Rs. 800</td>
<td>Rs. 100</td>
</tr>
<tr>
<td>(d) exceeds Rs. 800 but does not exceed Rs. 1,000</td>
<td>Rs. 160</td>
</tr>
<tr>
<td>(e) exceeds Rs. 1,000 but does not exceed Rs. 1,500</td>
<td>Rs. 300</td>
</tr>
<tr>
<td>(f) exceeds Rs. 1,500 but does not exceed Rs. 3,000</td>
<td>Rs. 350</td>
</tr>
<tr>
<td>(g) exceeds Rs. 3,000 but does not exceed Rs. 4,500</td>
<td>Rs. 450</td>
</tr>
<tr>
<td>(h) exceeds Rs. 4,500 but does not exceed Rs. 6,000</td>
<td>Rs. 500</td>
</tr>
<tr>
<td>(i) exceeds Rs. 6,000 but does not exceed Rs. 10,000</td>
<td>Rs. 650</td>
</tr>
<tr>
<td>(j) exceeds Rs. 10,000 but does not exceed Rs. 15,000</td>
<td>Rs. 1000</td>
</tr>
<tr>
<td>(k) exceeds Rs. 15,000 but does not exceed Rs. 20,000</td>
<td>Rs. 1500</td>
</tr>
<tr>
<td>(l) exceeds Rs. 20,000</td>
<td>Rs. 2000</td>
</tr>
</tbody>
</table>

**On** Amount of electricity consumption charges

**When** Alongwith payment of electricity consumption charges

**Payable to the credit of** Where deducted by and on behalf of Government On the day deducted In other cases With in 7 days from the end of each fortnight Rule 43(a)

**Federal Government**

**Statement(s) of tax collected** Monthly With in 15 days Rule 44(2)

Annual With in 2 months Section 165/Rule 44(1)

**Exemptions**

1. Consumer being the Federal Government [Section 49].

2. Consumer being a Provincial Government [Section 49].

3. Consumer being a Local Authority [Section 49].

4. Commercial or industrial consumer of electricity whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].

5. Commercial or industrial consumer of electricity whose income is exempt from tax and produces a certificate from the Commissioner to this effect [Section 235(3)].

**Reduction in rate**

6. Commercial or industrial consumer of electricity whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].
Person(s) liable to collect tax
Person preparing telephone bill;
Person issuing or selling prepaid cards for telephone

From whom
Telephone subscriber and purchaser of prepaid telephone cards

Rate
In the case of telephone subscriber (other than mobile phone) where the monthly bill—

(a) Exceeds Rs. 1000 but does not exceed Rs. 2000. Rs. 50
(b) Exceeds Rs. 2000 but does not exceed Rs. 3000. Rs. 100
(c) Exceeds Rs. 3000 but does not exceed Rs. 5000. Rs. 200
(d) Exceeds Rs. 5000. Rs. 300

10% In the case of subscriber of mobile telephone and pre-paid telephone card

On
Amount of bill or sale price of a pre-paid card

When
Alongwith payment of telephone bill or at the time of issuance or sale of pre-paid telephone cards

Payable to the credit of Federal Government
With in 7 days from the end of each fortnight Rule 43(b)

Statement(s) of tax collected
Monthly With in 15 days Rule 44(2)
Annual With in 2 months Section 165/Rule 44(1)

Exemptions
1. Subscriber being the Federal Government [Section 49].
2. Subscriber being a Provincial Government [Section 49].
3. Subscriber being a local authority [Section 49].
4. Subscriber whose income is exempt from tax and produces a certificate from the Commissioner of an exemption from deduction of tax [Section 159].
5. Subscriber, which is a foreign diplomatic mission in Pakistan [Section 236(4)].
6. Subscriber, who is a foreign diplomat [Section 236(4)].
7. Subscriber whose income is exempt from tax and produces a certificate from the Commissioner to this effect. [Section 236(4)].

Reduction in rate
8. Subscriber whose income is subject to a tax at a lower rate and produces a certificate from the Commissioner of lower rate of deduction of tax. [Section 159].
Withholding agent’s liability to issue certificate of deduction and collection of tax

Every withholding agent \( \text{person obliged to collect or deduct tax at source} \) collecting or deducting tax under the provisions of the Income Tax Ordinance, 2001 is obliged to issue certificate of tax collected or deducted, in duplicate and serially numbered, in the prescribed form set out in Annex II and Annex III, to the person from whom such tax has been collected or deducted.

Where the tax is deducted from salary under section 149 of the Income Tax Ordinance, 2001:

(a) The certificate of tax deducted is to be issued within 45 days from the end of each financial year; and

(b) Where the employment ceases before the end of the financial year, the certificate is to be issued for the period of employment in that year within 7 days of the ceasing of the employment or at the time of making payment of final settlement whichever is later.

Where a certificate issued has been lost, stolen or destroyed, the recipient of the certificate may request, in writing, that the issuer of the certificate issue a duplicate certificate.

Where a request has been made, the issuer of the certificate shall comply with the request and the certificate so issued shall be clearly marked “duplicate”.

All taxes collected or deducted are payable to the Commissioner of Income Tax by way of credit to the Federal Government by remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan.
Withholding agent’s liability to submit Monthly and annual statements of tax collected or deducted

Every withholding agent (person obliged to collect or deduct tax at source) under the provisions of the Income Tax Ordinance, 2001 is required to submit necessary details and information after each month and annually.

A single consolidated statement for each month is to be submitted within 15 days from the end of the each month in the prescribed form set out in Annex IV accompanied with evidence of deposit of tax collected or deducted to the credit of the Federal Government.

Two separate annual statements are prescribed:
(a) One for the withholding agents obliged to deduct tax from salary under section 149 of the Income Tax Ordinance, 2001; * and
(b) The other for withholding agents obliged to collect or deduct tax under any other provision of the Income Tax Ordinance, 2001(set out in Annex V).

Annual statements are for the period July to June and are due by 31st August of every year.

* In view of major changes in the scheme of taxation of income from salary a revised annual statement of tax deducted from salary is being developed and will be prescribed shortly.

Withholding agent’s liability to reconcile the Monthly and annual statements

Every withholding agent (person obliged to collect or deduct tax at source) wherever required by the Commissioner, is obliged to furnish a reconciliation of the amounts mentioned in the annual and monthly statements with the amounts mentioned in the return of income, statements, related annexes and other documents submitted from time to time.
Consequences of non-compliance

The Income Tax Ordinance, 2001 takes ample care for non-compliance of the provisions of law relating to withholding taxes and filing of monthly and annual statements of tax collected and deducted. These are explained below:

Deductions not allowed [Section 21]

In case of not withholding tax at source the following expenditures are not allowed as deduction for the purpose of computing income:

- Salary
- Rent
- Brokerage or commission
- Profit on debt
- Payment to non-resident
- Payment for services or fee

Recovery of tax not collected or deducted

The person responsible for collecting or deducting the tax at source as a withholding agent, is personally liable for the amount of tax not collected or deducted and payable/recoverable as if it is due under an assessment order under the Income Tax ordinance, 2001.

Recovery of tax collected or deducted but not deposited/paid

Similarly, the tax collected or deducted, if not paid is also payable/recoverable as if it is due under an assessment order under the Income Tax ordinance, 2001 personally from the person responsible to collect or deduct the tax as source as a withholding agent.

Charge of additional tax

In addition to the principal amount of the tax to be collected or deducted at source by the withholding agent, a further tax “additional tax” is also payable/recoverable at the rate of 12% per annum on the amount of tax not collected or deducted or having collected or deducted not paid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it is paid.

Prosecution

Any person who, without reasonable excuse, fails to comply with the obligation to collect or deduct tax or having collected or deducted fails to pay the tax shall tantamount to committing an offence punishable on conviction with a fine or imprisonment for a term not exceeding one year, or both.

Penalty for failure to furnish statement(s) of tax collected or deducted

Any person responsible for collection or deduction of tax at source as a withholding agent, without reasonable excuse, fails to furnish, within the time allowed for this purpose, any statement(s) of tax collected or deducted is liable for a penalty of Rs. 2,000.

If the default of not furnishing the statement(s) continues even after the imposition of penalty of Rs. 2,000, mentioned above, an additional penalty of Rs. 200 for each day of is also attracted.
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Definitions

An Association of Persons
“Association of persons” includes a firm, a Hindu undivided family, any artificial juridical person and any body of persons formed under a foreign law, but does not include a company.

Approved Annuity Plan

Approved Income Payment Plan
“Approved income payment plan” means an Income Payment Plan approved by Securities and Exchange Commission of Pakistan (SECP) under Voluntary Pension System Rules, 2005 and offered by a Pension Fund Manager registered with the SECP under Voluntary Pension System Rules, 2005.

Approved Pension Fund

Banking Company
“Banking company” means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962) and includes any body corporate which transacts the business of banking in Pakistan.

Company
Company means –
(a) a company as defined in the Companies Ordinance, 1984 (XLVII of 1984);
(b) a body corporate formed by or under any law in force in Pakistan;
(c) a modaraba;
(d) a body incorporated by or under the law of a country outside Pakistan relating to incorporation of companies;
(e) a trust, a co-operative society or a finance society or any other society established or constituted by or under any law for the time being in force;
(f) a foreign association, whether incorporated or not, which the Central Board of Revenue has, by general or special order, declared to be a company for the purposes of this Ordinance;
(g) a Provincial Government; or
(h) a local authority in Pakistan.

Co-operative Society
“Co-operative society” means a co-operative society registered under the Co-operative Societies Act, 1925 (VII of 1925) or under any other law for the time being in force in Pakistan for the registration of co-operative societies.

Dividend
“Dividend” includes -
(a) any distribution by a company of accumulated profits to its shareholders, whether capitalized or not, if such distribution entails the release by the company to its shareholders of all or any part of the assets including money of the company;
(b) any distribution by a company, to its shareholders of debentures, debenture-stock or deposit certificate in any form, whether with or without profit, to the extent to which the company possesses accumulated profits whether capitalized or not;
(c) any distribution made to the shareholders of a company on its liquidation, to the extent to which the distribution is attributable to the accumulated profits of the company immediately before its liquidation, whether capitalized or not;
(d) any distribution by a company to its shareholders on the reduction of its capital, to the extent to which the company possesses accumulated profits, whether such accumulated profits have been capitalized or not; or
(e) any payment by a private company as defined in the Companies Ordinance, 1984 or trust of any sum (whether as representing a part of the assets of the company or trust,
or otherwise) by way of advance or loan to a shareholder or any payment by any such company or trust on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company or trust, in either case, possesses accumulated profits;

but does not include -

(i) a distribution made in accordance with sub-clause (c) or (d) in respect of any share for full cash consideration, or redemption of debentures or debenture stock, where the holder of the share or debenture is not entitled in the event of liquidation to participate in the surplus assets;

(ii) any advance or loan made to a shareholder by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company; and

(iii) any dividend paid by a company which is set off by the company against the whole or any part of any sum previously paid by it and treated as a dividend within the meaning of sub-clause (c) to the extent to which it is so set off.

Eligible Person
“Eligible Person”, for the purpose of Voluntary Pension System Rules, 2005, means an individual Pakistani who has obtained a valid National Tax Number

Employee
“Employee” means any individual engaged in employment.

Employer
“Employer” means any person who engages and remunerates an employee.

Employment
“Employment includes –

(a) a directorship or any other office involved in the management of a company;

(b) a position entitling the holder to a fixed or ascertainable remuneration; or

(c) the holding or acting in any public office.

Finance Society
“Finance society” includes a co-operative society which accepts money on deposit or otherwise for the purposes of advancing loans or making investments in the ordinary course of business.

Financial Institution
“Financial institution” means an institution as defined under the Companies Ordinance, 1984, i.e.,-

Financial institution includes:

a. a company or an institution whether established under any special enactment and operating within or outside Pakistan which transacts the business of banking or any associated or ancillary business through its branches;

b. a modaraba, leasing company, investment bank, venture capital company, financing company, housing finance company, a non-banking finance company; and

c. such other institution or companies authorized by law to undertake any similar business, as the Federal Government may, by notification in the official Gazette, specify for the purpose.

Industrial Undertaking
“Industrial undertaking” means –

a. an undertaking which is set up in Pakistan and which employs, (i) ten or more persons in Pakistan and involves the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal energy; or (ii) twenty or more persons in Pakistan and does not involve the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal energy and which is engaged in,-

(i) the manufacture of goods or materials or the subjection of goods or materials to any process which substantially changes their original condition;

(ii) ship-building;

(iii) generation, conversion, transmission or distribution of electrical energy, or the supply of hydraulic power; or

(iv) the working of any mine, oil-well or any other source of mineral deposits; and

b. any other industrial undertaking which the Central Board of Revenue may by notification in the official Gazette, specify;

Non-Profit Organization
“Non-profit organization” means any person other than an individual, which is –
(a) established for religious, educational, charitable, welfare or development purposes, or for the promotion of an amateur sport;
(b) formed and registered under any law as a non-profit organization;
(c) approved by the Commissioner for specified period, on an application made by such person in the prescribed form and manner, accompanied by the prescribed documents and, on requisition, such other documents as may be required by the Commissioner;

and none of the assets of such person confers, or may confer, a private benefit to any other person.

Non-Resident Person
A person shall be a non-resident person for a tax year if the person is not a resident person for that year.

Permanent Establishment
“Permanent establishment” in relation to a person, means a fixed place of business through which the business of the person is wholly or partly carried on, and includes –

(a) a place of management, branch, office, factory or workshop, premises for soliciting orders, warehouse, permanent sales exhibition or sales outlet, other than a liaison office except where the office engages in the negotiation of contracts (other than contracts of purchase);
(b) a mine, oil or gas well, quarry or any other place of extraction of natural resources;
(c) an agricultural, pastoral or forestry property;
(d) a building site, a construction, assembly or installation project or supervisory activities connected with such site or project but only where such site, project and its connected supervisory activities continue for a period or periods aggregating more than 96 days within any 12 months period;
(e) the furnishing of services, including consultancy services, by any person through employees or other personnel engaged by the person for such purpose;
(f) a person acting in Pakistan on behalf of the person (hereinafter referred to as the “agent”), other than an agent of independent status acting in the ordinary course of business as such, if the agent –

(i) has and habitually exercises an authority to conclude contracts on behalf of the other person;
(ii) has no such authority, but habitually maintains a stock-in-trade or other merchandise from which the agent regularly delivers goods or merchandise on behalf of the other person;
(g) any substantial equipment installed, or other asset or property capable of activity giving rise to income.

Pension fund manager
“Pension fund manager” means an asset management company registered under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, or a life insurance company registered under Insurance Ordinance, 2000 (XXXIX of 2000), duly authorized by the Securities and Exchange Commission of Pakistan and approved under the Voluntary Pension System Rules, 2005, to manage the Approved Pension Fund.

Person
The following shall be treated as persons for the purposes of this Ordinance, namely:–

(a) An individual;
(b) a company or association of persons incorporated, formed, organized or established in Pakistan or elsewhere;
(c) the Federal Government, a foreign government, a political subdivision of a foreign government, or public international organization.

Profit on Debt
“Profit on a debt” whether payable or receivable, means –

(a) any profit, yield, interest, discount, premium or other amount, owing under a debt, other than a return of capital; or
(b) any service fee or other charge in respect of a debt, including any fee or charge incurred in respect of a credit facility which has not been utilized.

Public Company
“Public company” means –

(a) a company in which not less than 50% of the shares are held by the Federal Government or Provincial Government;
(b) a company in which not less than 50% of the shares are held by a foreign government, or a foreign company owned by a foreign government;

(c) a company whose shares were traded on a registered stock exchange in Pakistan at any time in the tax year and which remained listed on that exchange at the end of that year; or

(d) a unit trust whose units are widely available to the public and any other trust as defined in the Trust Act, 1882.

Real Estate Investment Trust (REIT)
“Real Estate Investment Trust (REIT)” means a scheme which consists of a closed-end collective investment scheme constituted as a unit trust fund and managed by a REIT management company for the purposes of investment in real estate, approved and authorized by the Security and Exchange Commission of Pakistan under the Real Estate Investment Trust Rules, 2006;

Real Estate Investment Trust Management Company

Resident Association of Persons
An association of persons shall be a resident association of persons for a tax year if the control and management of the affairs of the association is situated wholly or partly in Pakistan at any time in the year.

Resident Company
A company shall be a resident company for a tax year if –
(a) it is incorporated or formed by or under any law in force in Pakistan;
(b) the control and management of the affairs of the company is situated wholly in Pakistan at any time in the year; or
(c) it is a Provincial Government or local authority in Pakistan.

Resident Individual
An individual shall be a resident individual for a tax year if the individual –
(a) is present in Pakistan for a period of, or periods amounting in aggregate to, 183 days or more in the tax year;
(b) is an employee or official of the Federal Government or a Provincial Government posted abroad in the tax year.

Resident Person
A person shall be a resident person for a tax year if the person is –
(a) a resident individual, resident company or resident association of persons for the year; or
(b) the Federal Government.

Sale of goods
“Sale of goods” includes a sale of goods for cash or on credit, whether under a written contract or not.

Shareholder
“Shareholder” in relation to a company includes a modaraba certificate holder, a unit holder of a trust and a beneficiary of a trust.

Services
“Services” includes the services of accountants, architects, dentists, doctors, engineers, interior decorators and lawyers.

Small Company
“Small Company” means a company registered on or after 1 July, 2005, under the Companies Ordinance, 1984 having:
(a) Paid up capital plus undistributed reserves upto Rs. 25 million;
(b) Annual turnover upto Rs. 250 million; and
(c) Is not formed by splitting up or reconstitution of business already in existence.

Venture Capital Company
“Venture Capital Company” has the same meaning as assigned under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
Annex I

Goods covered under the zero rating regime of Sales Tax notified vide SRO 638(I)/2005 dated 27th June, 2005, as amended by SRO 667(I)/2005 dated 2nd July, 2005

**TABLE**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Description of goods</th>
<th>PCT Heading Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Leather and articles thereof</td>
<td>41.01 to 41.15, 64.03, 64.04 and other respective headings</td>
</tr>
<tr>
<td>2.</td>
<td>Textile and articles thereof</td>
<td>Chapter 50 to Chapter 63 of PCT and other respective headings</td>
</tr>
<tr>
<td>3.</td>
<td>Carpets</td>
<td>57.01 to 57.05</td>
</tr>
<tr>
<td>4.</td>
<td>Sports goods</td>
<td>9504.2000, 95.06 and other respective headings</td>
</tr>
<tr>
<td>5.</td>
<td>Surgical goods</td>
<td>Respective headings</td>
</tr>
<tr>
<td>6.</td>
<td>Maize (corn) starch</td>
<td>1108.1200</td>
</tr>
<tr>
<td>7.</td>
<td>Muclages and thickeners, whether or not modified, derived from locust beans, locust bean seeds or guar seeds</td>
<td>1302.3200</td>
</tr>
<tr>
<td>10.</td>
<td>Magnesium oxide</td>
<td>2519.9010</td>
</tr>
<tr>
<td>11.</td>
<td>Coning oil</td>
<td>2710.1991</td>
</tr>
<tr>
<td>12.</td>
<td>Spin Finish Oil</td>
<td>2710.1998</td>
</tr>
<tr>
<td>13.</td>
<td>Silicon dioxide</td>
<td>2811.2200</td>
</tr>
<tr>
<td>14.</td>
<td>Titanium dioxide</td>
<td>2823.0020</td>
</tr>
<tr>
<td>15.</td>
<td>Antimony oxide</td>
<td>2825.8000</td>
</tr>
<tr>
<td>16.</td>
<td>Sodium bromate</td>
<td>2829.9000</td>
</tr>
<tr>
<td>17.</td>
<td>Sodium sulphide</td>
<td>2830.1000</td>
</tr>
<tr>
<td>18.</td>
<td>Sodium hydrogen sulphide</td>
<td>2830.9010</td>
</tr>
<tr>
<td>19.</td>
<td>Sodium dithionite</td>
<td>2831.1010</td>
</tr>
<tr>
<td>20.</td>
<td>Sodium sulphite</td>
<td>2832.1000</td>
</tr>
<tr>
<td>21.</td>
<td>Sodium hydrosulphite</td>
<td>2832.2020</td>
</tr>
<tr>
<td>22.</td>
<td>Disodium sulphate</td>
<td>2833.1100</td>
</tr>
<tr>
<td>23.</td>
<td>Phosphinates (hypophosphites) and phosphonates (phosphites)</td>
<td>2835.1000</td>
</tr>
<tr>
<td>24.</td>
<td>Sodium hydrogen carbonate (Sodium bicarbonate)</td>
<td>2836.3000</td>
</tr>
<tr>
<td>25.</td>
<td>Hydrogen per oxide</td>
<td>2847.0000</td>
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<tr>
<td>26.</td>
<td>p-Xylene</td>
<td>2902.4300</td>
</tr>
<tr>
<td>27.</td>
<td>Methylene chloride</td>
<td>2903.1200</td>
</tr>
<tr>
<td>28.</td>
<td>Trichloroethylene</td>
<td>2903.2200</td>
</tr>
<tr>
<td>29.</td>
<td>Ethylene Glycol (MEG)</td>
<td>2905.3100</td>
</tr>
<tr>
<td>30.</td>
<td>4-chloro 3-methyl phenol and chloro hydro quinine</td>
<td>2908.1010</td>
</tr>
<tr>
<td>31.</td>
<td>Di-ethylene glycol</td>
<td>2909.4100</td>
</tr>
<tr>
<td>32.</td>
<td>Ethyl glycol</td>
<td>2909.4400</td>
</tr>
<tr>
<td>33.</td>
<td>Tri-ethylene Glycol</td>
<td>2909.4990</td>
</tr>
<tr>
<td>34.</td>
<td>Glutar aldehyde</td>
<td>2912.1900</td>
</tr>
<tr>
<td>35.</td>
<td>Methyl ethyl ketone</td>
<td>2914.1200</td>
</tr>
<tr>
<td>36.</td>
<td>Formic acid</td>
<td>2915.1100</td>
</tr>
<tr>
<td>37.</td>
<td>Sodium formate</td>
<td>2915.1210</td>
</tr>
<tr>
<td>38.</td>
<td>Acetic acid</td>
<td>2915.2100</td>
</tr>
<tr>
<td>39.</td>
<td>Sodium acetate</td>
<td>2915.2200</td>
</tr>
<tr>
<td>40.</td>
<td>Cobalt acetate</td>
<td>2915.2300</td>
</tr>
<tr>
<td>41.</td>
<td>Acrylic acid and its salts</td>
<td>2916.1100</td>
</tr>
<tr>
<td>42.</td>
<td>Esters of Methacrylic acid</td>
<td>2916.1400</td>
</tr>
<tr>
<td>43.</td>
<td>Oxalic acid</td>
<td>2917.1110</td>
</tr>
<tr>
<td>44.</td>
<td>Adipic acid, its salts and esters</td>
<td>2917.1200</td>
</tr>
<tr>
<td>45.</td>
<td>Maleic Acid</td>
<td>2917.1900</td>
</tr>
<tr>
<td>46.</td>
<td>Pure terephthalic acid (PTA)</td>
<td>2917.3610</td>
</tr>
<tr>
<td>47.</td>
<td>Tartaric acid</td>
<td>2918.1200</td>
</tr>
<tr>
<td>48.</td>
<td>Citric acid</td>
<td>2918.1400</td>
</tr>
<tr>
<td>49.</td>
<td>Gluconic acid and its salts</td>
<td>2918.1600</td>
</tr>
<tr>
<td>50.</td>
<td>Glycolic acid and their esters</td>
<td>2918.1900</td>
</tr>
<tr>
<td>51.</td>
<td>Other phosphoric esters and their salts</td>
<td>2919.0990</td>
</tr>
<tr>
<td>52.</td>
<td>Dyes intermediates</td>
<td>2921.0000, 2922.0000</td>
</tr>
</tbody>
</table>
53. Antioxidant
54. DMF (Dimethyl Formamide)
55. Acrylonitrile
56. Other organic derivatives of hydrazine or of hydroxylamine
57. Tanning extracts of vegetable origin; tannins and their salts, ethers, esters & other derivatives
58. Synthetic organic tanning substances, inorganic tanning substances, tanning preparations, whether or not containing natural tanning substances; enzymatic preparations for pre-tanning
59. Disperse dyes and preparations based thereon
60. Acid dyes & preparation based thereon
61. Basic dyes and preparations based thereon
62. Direct dyes and preparations based thereon
63. Indigo Blue
64. Vat dyes and preparations bases thereon
65. Reactive dyes and preparations based thereon
66. Pigments and preparations based thereon
67. Dyes, sulphur
68. Dyes, synthetic
69. Synthetic organic products of a kind used as fluorescent brightening agents
70. other synthetic organic colouring matter
71. Pigments and preparations based on titanium dioxide
72. Other colouring matter and other preparations
73. Granules, flakes, powder of glass (others)
74. Lacquer / Hardener/ Resin
75. Prepared water pigments of a kind used for finishing leather
76. Ink for inkjet engraver
77. Anionic surface active agents
78. Anionic surface active agents
79. Cationic surface active agents
80. Non-ionic surface active agents
81. Surface active preparations and cleaning preparations excluding detergents
82. Preparations for the treatment of textile material, leather, fur skins or other material
83. Spin Finish Oil
84. Artificial waxes and prepared waxes
85. Other artificial waxes
86. Electro polishing chemicals
87. Other glues (printing gum)
88. Shoe adhesives
89. Hot melt adhesive
90. Enzymes
91. Photographic film, with silver halide emulsion (for textile use)
92. Sensitizing emulsions (for textile use)
93. Lignin sulphonates
94. Gum rosin
95. Fungicides for leather industry
96. Preparation of a kind used in textile or like industry
97. Preparation of a kind used in leather or like industries
98. Compound plasticizers for rubber or plastics
99. Antimony triacetate
100. Palladium catalyst
101. Electrolyte salt
102. Prepared binders for foundry moulds including Peroxide
<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>HSN Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>03</td>
<td>Polymers of vinyl acetate (in aqueous dispersion)</td>
<td>3905.1200</td>
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<tr>
<td>04</td>
<td>Vinyl acetate copolymers: in aqueous dispersion</td>
<td>3905.2100</td>
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<tr>
<td>05</td>
<td>Polymers of vinyl alcohol</td>
<td>3905.3000</td>
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<tr>
<td>06</td>
<td>Other vinyl polymers</td>
<td>3905.9990</td>
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<tr>
<td>07</td>
<td>Other acrylic polymers</td>
<td>3906.9000</td>
</tr>
<tr>
<td>08</td>
<td>Acrylic polymers in primary forms</td>
<td>3906.9090</td>
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<tr>
<td>09</td>
<td>Polyethylene terephthalate-Yarn grade, and its waste</td>
<td>3907.6010</td>
</tr>
<tr>
<td>10</td>
<td>Nylon Chips (PA6)</td>
<td>3908.9000</td>
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<tr>
<td>11</td>
<td>Polystyrenes</td>
<td>3909.5000</td>
</tr>
<tr>
<td>12</td>
<td>Silicones in primary form</td>
<td>3910.0000</td>
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<td>13</td>
<td>Cellulose nitrates nonplasticised</td>
<td>3912.2010</td>
</tr>
<tr>
<td>14</td>
<td>Other cellulose nitrates</td>
<td>3912.2090</td>
</tr>
<tr>
<td>15</td>
<td>Carboxymethyl cellulose and its salts</td>
<td>3912.3100</td>
</tr>
<tr>
<td>16</td>
<td>Alginic acids, its salts and esters</td>
<td>3913.1000</td>
</tr>
<tr>
<td>17</td>
<td>Nylon Tubes</td>
<td>3917.3900</td>
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<td>18</td>
<td>Artificial leather</td>
<td>3921.1300</td>
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<td>19</td>
<td>Synthetic leather grip</td>
<td>3926.9099</td>
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<tr>
<td>20</td>
<td>Natural rubber latex</td>
<td>4001.1000</td>
</tr>
<tr>
<td>21</td>
<td>Technical specialized natural rubber</td>
<td>4001.2200</td>
</tr>
<tr>
<td>22</td>
<td>Rubber latex</td>
<td>4002.1100</td>
</tr>
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<td>23</td>
<td>Synthetic rubber SBR 1502 latex</td>
<td>4002.1900</td>
</tr>
<tr>
<td>24</td>
<td>Butadiene rubber</td>
<td>4002.2000</td>
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<tr>
<td>25</td>
<td>Thermo-Plastic Rubber (T.P.R.)</td>
<td>4002.9900</td>
</tr>
<tr>
<td>26</td>
<td>Vulcanized rubber thread and cord</td>
<td>4007.0010</td>
</tr>
<tr>
<td>27</td>
<td>Leather shearing-Finish leather with wool</td>
<td>4302.1300</td>
</tr>
<tr>
<td>28</td>
<td>Articles of apparel and clothing accessories of fur skin</td>
<td>4303.9000</td>
</tr>
<tr>
<td>29</td>
<td>Artificial fur and articles thereof</td>
<td>4304.0000</td>
</tr>
<tr>
<td>30</td>
<td>English willow cleft (wood)</td>
<td>4404.1010</td>
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<tr>
<td>31</td>
<td>Cork Granules</td>
<td>4501.9000</td>
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<td>32</td>
<td>Cork sheet</td>
<td>4504.1010</td>
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<td>33</td>
<td>Satin Finishing Wheels</td>
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<td>34</td>
<td>Carbon Fiber</td>
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<tr>
<td>35</td>
<td>Glass fiber sleeves</td>
<td>7019.3200</td>
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<tr>
<td>36</td>
<td>Shoe tacks</td>
<td>7317.0020</td>
</tr>
<tr>
<td>37</td>
<td>Forging of surgical and dental instruments</td>
<td>7326.1920</td>
</tr>
</tbody>
</table>

**Collection and Deduction of Tax at Source**

Brochure –005
Annex II

Collection and Deduction of Tax at Source

**Brochure –005**

<table>
<thead>
<tr>
<th>Taxpayer’s (Employee) Profile</th>
<th></th>
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<tbody>
<tr>
<td>1. Year Ending On</td>
<td>(dd/mm/yyyy)</td>
</tr>
<tr>
<td>2. Residential Status</td>
<td>Resident</td>
</tr>
<tr>
<td>3. Name (in Block Letters)</td>
<td></td>
</tr>
<tr>
<td>4. Address (Residence)</td>
<td></td>
</tr>
<tr>
<td>5. Telephone</td>
<td>(i)</td>
</tr>
<tr>
<td>6. LTU/RO/MTU Zone Code</td>
<td></td>
</tr>
<tr>
<td>7. Name ** (in Block Letters)</td>
<td></td>
</tr>
<tr>
<td>8. Address</td>
<td></td>
</tr>
<tr>
<td>9. Telephone</td>
<td>(i) (ii)</td>
</tr>
<tr>
<td>10. E-mail</td>
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</tr>
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</table>

**Particulars**

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Gross Salary</td>
<td>11995</td>
</tr>
<tr>
<td>12. Exempt Salary</td>
<td>0</td>
</tr>
<tr>
<td>13. Taxable Salary (11 minus 12)</td>
<td>11995</td>
</tr>
<tr>
<td>14. Tax Payable (Gross Tax minus Tax Reduction) on Taxable Salary</td>
<td>9250</td>
</tr>
<tr>
<td>15. Tax Deducted and Deposited by the employer</td>
<td>9402</td>
</tr>
</tbody>
</table>

**Employer’s Verification**

In the best of my knowledge and belief the information given in this Certificate is correct and complete and the gross salary, exempt salary, taxable salary and tax payable therein has been determined in accordance with the provisions of the Income Tax Ordinance, 2001 and Inland Revenue Rules, 2003.

**Date (dd/mm/yyyy)**

**Employee’s Verification**

In the best of my knowledge and belief the information given in this Certificate is correct and complete and the gross salary, exempt salary, taxable salary and tax payable therein has been determined in accordance with the provisions of the Income Tax Ordinance, 2001 and Inland Revenue Rules, 2003.

**In case an employee has any other source of income, deduction from income, tax reduction and credits, etc. then fill in the attachment to the employer’s certificate.**

**Acknowledgment**

<table>
<thead>
<tr>
<th>Inward No.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date (dd/mm/yyyy)</td>
<td>Name &amp; signature of receiving official</td>
</tr>
<tr>
<td></td>
<td>Seal</td>
</tr>
</tbody>
</table>

For Assistance - Call Help Line Center at Tele: 08000-80-227, 051-111-227-227, Fax: 051-500593 and Email: helpine@chb.gov.pk
Annex III

Certificate of Collection or Deduction of Tax
(See rule 42)

S. No.________ Original/Duplicate Date of issue ____________

Certified that a sum of Rupees____________________ (Amount of tax collected/deducted in figures)
Rupees__________________________________________

__________________________________________ (Amount in words)

on account of Income Tax has been collected/deducted from __________________________________________________________

(Name and address of the person from whom tax collected/deducted)

______________________________________________________________________________

In case of an individual, his/her name in full and in case of an association of persons / company, name and style of the association of persons/company

having National Tax Number _____________________ (if any) and

holder of CNIC No. _____________________ (in case of an individual only)

on ___________________________________ (Date of collection/deduction)

Or during the period From ___________ To ___________ (Period of collection/deduction)

under section * ____________________ (Specify section of the Income Tax Ordinance, 2001)

on account of * ______________________________________ (Specify nature)

vide _________________________________ (Particulars of LC, Contract etc.)

on the value/amount of Rupees_______________ (Gross amount on which tax collected/deducted in figures)

Rupees ______________________________________ (Amount in words)

This is to further certify that the tax collected/deducted has been deposited in the Federal Government Account as per the following details:


__________________________________________ ____________________________________________

__________________________________________ ____________________________________________

__________________________________________ ____________________________________________

__________________________________________ ____________________________________________

Company/office etc. collecting/deducting the tax:

Name. ____________________________

Address. ____________________________ Signature ____________________________

__________________________________________ Name. ____________________________

NTN (if any) ____________________________ Designation ____________________________

Date. ____________________________ Seal. ____________________________
<table>
<thead>
<tr>
<th>Section</th>
<th>On account of</th>
</tr>
</thead>
<tbody>
<tr>
<td>148</td>
<td>Import of goods</td>
</tr>
<tr>
<td>150</td>
<td>Dividend paid</td>
</tr>
<tr>
<td>151(1)(a)</td>
<td>Profit on debt paid or credited to a resident person on schemes of National Savings</td>
</tr>
<tr>
<td>151(1)(b)</td>
<td>Profit on debt paid or credited to a resident person on an account or deposit with a banking company or a financial institution</td>
</tr>
<tr>
<td>151(1)(c)</td>
<td>Profit on debt paid or credited to a resident person on securities of Federal or Provincial Government or a local authority</td>
</tr>
<tr>
<td>151(1)(d)</td>
<td>Profit on debt paid or credited to a resident person on any bond, certificate, debenture, security or any other instrument by a banking company, financial institution, company incorporated under the Companies Ordinance, 1984, a body corporate formed by or under any law in force in Pakistan or a finance society</td>
</tr>
<tr>
<td>152(1)</td>
<td>Payment to a non-resident person on account of royalty or fee for technical services</td>
</tr>
<tr>
<td>152(1A)(a)</td>
<td>Payment to a non-resident on account of execution of a contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project</td>
</tr>
<tr>
<td>152(1A)(b)</td>
<td>Payment to a non-resident on account of execution of any other contract for construction or services rendered relating thereto</td>
</tr>
<tr>
<td>152(1A)(c)</td>
<td>Payments to a non-resident person on account of execution of a contract for advertisement services rendered by TV Satellite Channels</td>
</tr>
<tr>
<td>152(2)</td>
<td>Payment to a non-resident person on any other account including profit on debt but excluding those covered under section 153(3)</td>
</tr>
<tr>
<td>153(1)(a)</td>
<td>Payments to a resident person or a PE of a non-resident on account of sale of goods</td>
</tr>
<tr>
<td>153(1)(b)</td>
<td>Payments to a resident person or a PE of a non-resident on account of services rendered or provided</td>
</tr>
<tr>
<td>153(1)(c)</td>
<td>Payments to a resident person or a PE of a non-resident on account of execution of a contract, other than contract for sale of goods or services rendered or provided</td>
</tr>
<tr>
<td>153(1A)</td>
<td>Payments to a resident person or a PE of a non-resident on account of services rendered or provided of stitching, dying, printing, embroidery, washing, sizing and weaving</td>
</tr>
<tr>
<td>154(1)</td>
<td>Realization of proceeds of exports of goods</td>
</tr>
<tr>
<td>154(2)</td>
<td>Realization of foreign indenting commission</td>
</tr>
<tr>
<td>154(3)</td>
<td>Realization of proceeds of sale of goods to an exporter under an inland back-to-back letter of credit etc</td>
</tr>
<tr>
<td>154(3A)</td>
<td>Export of goods by an industrial undertaking located in an export-processing zone</td>
</tr>
<tr>
<td>154(3B)</td>
<td>Payment against sale of goods by an indirect exporter to a direct exporter or an export house registered under DTRE Rules, 2001</td>
</tr>
<tr>
<td>155</td>
<td>Payment of rent of immovable property</td>
</tr>
<tr>
<td>156</td>
<td>Payment of prize on a prize bond or winnings from a raffle, lottery, cross-word puzzle or quiz; and prize offered by companies for promotion of sale</td>
</tr>
<tr>
<td>156A</td>
<td>Payment of commission on petroleum products of petrol pump operators</td>
</tr>
<tr>
<td>156B</td>
<td>Withdrawal from pension fund</td>
</tr>
<tr>
<td>231A</td>
<td>Cash withdrawal</td>
</tr>
<tr>
<td>233A</td>
<td>Payment of brokerage or commission including indenting, advertising, yarn, insurance or travel agent</td>
</tr>
<tr>
<td>233A(1)</td>
<td>On value of shared purchased or sold by a member of a stock exchange in lieu of its commission income</td>
</tr>
<tr>
<td>233A(1)</td>
<td>On value of shares traded by a person (sold) through a member of a stock exchange</td>
</tr>
<tr>
<td>233A(1)</td>
<td>On financing of carry over trade (Badla) in shares business</td>
</tr>
<tr>
<td>234</td>
<td>Alongwith motor vehicle tax of motor vehicles</td>
</tr>
<tr>
<td>235</td>
<td>Alongwith electricity consumption bills</td>
</tr>
<tr>
<td>236</td>
<td>Telephone users including mobile phones &amp; pre-paid cards</td>
</tr>
</tbody>
</table>
Annex IV

Monthly Statement of Collection or Deduction of Income Taxes under section 165 (2)
[See rule 44(2)]

Monthly Statement of Collection or Deduction of Income Tax
[See rule 44(2)]

Particulars of withholding agent/payer/collector:

<table>
<thead>
<tr>
<th>Name</th>
<th>NTN</th>
<th>Address</th>
</tr>
</thead>
</table>

**PART I - Details of payment etc. where tax has been collected or deducted at source**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name, address and NTN of the person from whom tax collected or deducted (As detailed on back of this form)</th>
<th>Nature of payment etc.</th>
<th>Section under which tax collected or deducted</th>
<th>Date of Payment (dd/mm/yyyy)</th>
<th>Value / amount on which tax collected or deducted. (Rupees)</th>
<th>Rate of tax collected or deducted. (Percentage)</th>
<th>Amount of tax collected or deducted. (Rupees)</th>
<th>Amount of tax deposited. (Rupees)</th>
<th>Date of Deposit (dd/mm/yyyy)</th>
<th>CPRM Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
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<td>2.</td>
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</tr>
</tbody>
</table>

Total (Rupees)
PART II - Details of payment etc. where no tax has been collected or deducted, owing to provision of law or having exemption certificate etc.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name, address and NTN of the person from whom tax collected or deducted</th>
<th>Nature of payment etc.</th>
<th>Section under which tax collected or deducted</th>
<th>Date of Payment (dd/mm/yyyy)</th>
<th>Value / amount on which tax collectible or deductible. (Rupees)</th>
<th>Reasons for Non-collection or non-deduction (Indicate relevant provision of law or complete reference of exemption certificate etc. i.e. number, date and issued by)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>(As detailed on back of this form)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>(As detailed on back of this form)</td>
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<tr>
<td>3.</td>
<td>(As detailed on back of this form)</td>
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<tr>
<td>4.</td>
<td>(As detailed on back of this form)</td>
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<tr>
<td>5.</td>
<td>(As detailed on back of this form)</td>
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<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Note: In case of employees whose chargeable income is below the maximum amount that is not chargeable to tax and suppliers, persons rendering or providing services, contractors whose annual payments are below the threshold (presently Rs. 25,000, Rs. 10,000).

Verification

I, ___________________________ (Name)
holder of CNIC No. ___________________________ in my capacity as ___________________________ (Designation) and person responsible for collecting / deducting the tax, do hereby solemnly declare that to the best of my knowledge the information given in this statement is correct, complete and in accordance with the Income Tax Ordinance, 2001 and the Income Tax Rules.

Date (dd/mm/yyyy) ___________________________ Name & signature of receiving official ___________________________

Seal ___________________________
**Filling Instructions**

4. Description of sections is as under:

<table>
<thead>
<tr>
<th>Section</th>
<th>On account of</th>
</tr>
</thead>
<tbody>
<tr>
<td>148</td>
<td>Import of goods</td>
</tr>
<tr>
<td>149</td>
<td>Payment of Salary</td>
</tr>
<tr>
<td>150</td>
<td>Payment of dividend</td>
</tr>
<tr>
<td>151(1)(a)</td>
<td>Payment or credit of profit on debt to a resident person on schemes of National Savings</td>
</tr>
<tr>
<td>151(1)(b)</td>
<td>Payment or credit of profit on debt to a resident person on an account or deposit with a banking company or a financial institution</td>
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<td>151(1)(c)</td>
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<tr>
<td>152(1)</td>
<td>Payment to a non-resident person on account of royalty or fee for technical services</td>
</tr>
<tr>
<td>152(1A)(a)</td>
<td>Payment to a non-resident on account of execution of a contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project</td>
</tr>
<tr>
<td>152(1A)(b)</td>
<td>Payment to a non-resident on account of execution of any other contract for construction or services rendered relating thereto</td>
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<tr>
<td>152(1A)(c)</td>
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</tr>
<tr>
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<td>Payment to a non-resident person on any other account including profit on debt but excluding those covered under section 153(3)</td>
</tr>
<tr>
<td>153(1)(a)</td>
<td>Payments to a resident person or a PE of a non-resident on account of sale of goods</td>
</tr>
<tr>
<td>153(1)(b)</td>
<td>Payments to a resident person or a PE of a non-resident on account of services rendered or provided</td>
</tr>
<tr>
<td>153(1)(c)</td>
<td>Payments to a resident person or a PE of a non-resident on account of execution of a contract, other than contract for sale of goods or services rendered or provided</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>On account of</th>
</tr>
</thead>
<tbody>
<tr>
<td>153(1A)</td>
<td>Payments to a resident person or a PE of a non-resident on account of services rendered or provided of stitching, dyeing, printing, embroidery, washing, sizing and weaving</td>
</tr>
<tr>
<td>154(1)</td>
<td>Realization of proceeds of exports of goods</td>
</tr>
<tr>
<td>154(2)</td>
<td>Realization of foreign indenting commission</td>
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<td>154(3)</td>
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<tr>
<td>154(3A)</td>
<td>Export of goods by an industrial undertaking located in an export processing zone</td>
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<tr>
<td>155</td>
<td>Payment of rent of immovable property</td>
</tr>
<tr>
<td>156</td>
<td>Payment of prize on a prize bond or winnings from a raffle, lottery, cross-word puzzle or quiz; and prize offered by companies for promotion of sale</td>
</tr>
<tr>
<td>156A</td>
<td>Payment of commission on petroleum products of petrol pump operators</td>
</tr>
<tr>
<td>156B</td>
<td>Withdrawal from pension fund</td>
</tr>
<tr>
<td>231A</td>
<td>Cash withdrawal from a bank account</td>
</tr>
<tr>
<td>233</td>
<td>Payment of brokerage or commission including indenting, advertising, yarn, insurance or travel agent</td>
</tr>
<tr>
<td>233A(1)(a) and 233A(1)(b)</td>
<td>On value of shares purchased or sold by a member of a stock exchange in lieu of its commission income</td>
</tr>
<tr>
<td>233A(1)(c)</td>
<td>On value of shares traded by a person (sold) through a member of a stock exchange</td>
</tr>
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<td>233A(1)(d)</td>
<td>On financing of carry over trade (Badla) in shares business</td>
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<td>235</td>
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</tr>
<tr>
<td>236</td>
<td>Telephone users including mobile phones &amp; pre-paid cards</td>
</tr>
</tbody>
</table>
### Annex V

#### Brochure – 005

**Collection and Deduction of Tax at Source**

<table>
<thead>
<tr>
<th>S No.</th>
<th>Name, address and NTN of the person from whom tax collected or deducted</th>
<th>Nature of payment etc.</th>
<th>Section under which tax collected or deducted (As detailed on back of this form)</th>
<th>Value / amount on which tax collectible or deductible during the year (Rupees)</th>
<th>Amount of tax collected or deducted during the year (Rupees)</th>
<th>Rate of tax collected or deducted (Percentage)</th>
<th>Amount of tax deposited (Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>5</td>
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<td></td>
</tr>
</tbody>
</table>

### Verification

I, ____________________________, (Name), holder of CNIC No. ____________________________, in my capacity as ____________________________, (Designation) and person responsible for collecting/deducting the tax, do hereby solemnly declare that to the best of my knowledge the information given in this statement is correct, complete and in accordance with the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Statement Date: ____________________________ (dd/mm/yyyy)

Total (Rupees) ____________________________

Please see filling instructions at back page.
### Filling Instructions

1. Use additional sheet(s) wherever necessary.
2. State amount excluding tax relating to earlier year deposited during the year and including tax deposited in following year relating to current year in column 8.
3. This statement should be filled in the order of each person from whom tax has been collected or deducted and mentioning against it the details relating to tax collected or deducted under various section as illustrated below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name, address and NIN of the person from whom tax collected or deducted</th>
<th>Nature of payment or tax collected or deducted (as detailed in back of this form)</th>
<th>Value/amount which tax collected or deductible during the year (Paise)</th>
<th>Amount of tax collected or deducted during the year (Paise)</th>
<th>Rate of tax collected or deducted (Percentage)</th>
<th>Amount of tax deposited</th>
<th>Unaccounted amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>XYZ &amp; Co., 24, North, Jinnah Avenue, Islamabad</td>
<td>Sale of goods</td>
<td>153(1) 275,885</td>
<td>3,655</td>
<td>3.50%</td>
<td>3,655</td>
<td>3,655</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Services</td>
<td>153(1) 12,500</td>
<td>633</td>
<td>5.00%</td>
<td>633</td>
<td>633</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commission</td>
<td>233 35,000</td>
<td>3,500</td>
<td>10.00%</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td>2</td>
<td>AEC, HNo. 20, Street No. 10, Sector VI, Rawalpindi</td>
<td>Dividend</td>
<td>150 1,250</td>
<td>125</td>
<td>10.00%</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Profit on debt</td>
<td>151 6,220</td>
<td>623</td>
<td>10.00%</td>
<td>623</td>
<td>623</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rent</td>
<td>155 320,000</td>
<td>16,000</td>
<td>5.00%</td>
<td>16,000</td>
<td>16,000</td>
</tr>
</tbody>
</table>

4. Description of sections is as under:

<table>
<thead>
<tr>
<th>Section</th>
<th>Un account of</th>
</tr>
</thead>
<tbody>
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<td>148</td>
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<td>Profit on debt paid or credited to a resident person on an account or deposit with a banking company or a financial institution</td>
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<td>Profit on debt paid or credited to a resident person on securities of Federal or Provincial Government or a local authority</td>
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<td>151(1)(d)</td>
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<td>152(1)</td>
<td>Payment to a non-resident person on account of royalty or fee for technical services</td>
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<tr>
<td>152(1A)(a)</td>
<td>Payment to a non-resident on account of execution of a contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of superlative services in relation to such project</td>
</tr>
<tr>
<td>152(1A)(b)</td>
<td>Payment to a non-resident on account of execution of any other contract for construction or services rendered relating thereto</td>
</tr>
<tr>
<td>152(3)(c)</td>
<td>Payments to a non-resident person on account of execution of a contract for advertisement services rendered by TV Satellite Channels</td>
</tr>
<tr>
<td>152(2)</td>
<td>Payment to a non-resident on any other account including profit on debt but excluding those covered under section 152(3)</td>
</tr>
<tr>
<td>153(1)(a)</td>
<td>Payments to a resident person or a PE of a non-resident on account of sale of goods</td>
</tr>
<tr>
<td>153(1)(b)</td>
<td>Payments to a resident person or a PE of a non-resident on account of services rendered or provided</td>
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<tr>
<td>153(1)(c)</td>
<td>Payments to a resident person or a PE of a non-resident on account of execution of a contract, other than contract for sale of goods or services rendered or provided</td>
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<td>On value of shares purchased or sold by a member of a stock exchange in lieu of its commission income</td>
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<td>Telephone users including mobile phones &amp; pre-paid cards</td>
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Other Facilitation and Tax Education Material Produced by
Central Board of Revenue

Computer software
- Income Tax Assistant Version 1.0 for the tax year 2003
- Income Tax Assistant Version 1.1 for the tax years 2004 and 2005
- Income Tax Assistant Version 1.1 for the tax year 2006 (Under development)

For computing chargeable income from salary, property, business, capital gains and
other sources, exclusions from income, taxable income, applicable gross income tax,
reductions, credits etc. and income tax payable / refundable

For generating related computations, returns, certificates, statements, wealth
statement and its reconciliation

Computer worksheets
With computational help to prepare Income Tax Returns etc.

Publications
- Brochure – 001 Universal self-assessment and record keeping
- Brochure – 002 Business accounts, documents and records
- Brochure – 003 Taxation of income from salary
- Brochure – 004 Taxation of income from property
- Brochure – 005 Collection and deduction of tax at source
- Brochure – 006 How to fill in income tax forms
- Brochure – 007 Charities
- Brochure – 008 Income Tax Appeals
- Brochure – 009 Taxation of income from dividend
- Brochure – 010 Depreciation, initial allowance and
  amortization of capital expenditure
- Brochure – 011 The mechanism of Alternate Dispute Resolution
- Brochure – 012 Taxpayer’s Charter
- Brochure – 013 Import of vehicles
- Quarterly Review
- Year Book

Under Publication
- Pakistan Baggage Rules
- Taxation of capital gains
- Taxation of income from profit on debt
- Incomes subject to final taxation
- Sales Tax guide

F A T E
“Facilitation And Tax Education “
Is the Key to
Voluntary Compliance
And
Voluntary Compliance
Is the Key to
“Better Revenues”